ओएनजीसी

ONGC

Annual Report 1999-2000

08160

ONGC

Oil And Natural Gas Corporation Limited

CONTENTS

BOARD OF DIRECTORS

B. C. Bora
Chairman-cum-Managing Director

Jauhari Lal
Director (Personnel)

I. N. Chatterjee
Director (Finance)

A. S. Soni
Director (Operations)

S. M. Malhotra
Director (Drilling)

R. C. Gourh
Director (Technical)

Y. B.Sinha
Director (Exploration)
(w.e.f. May 5, 2000)

Atul Chandra

J. M.Mauskar

G. S.Dutt

Ravi Saxena

Renuka Devi Barkataki

J. Jayaraman

Dr. K. R. S.Murthy

Jawahar Vadivelu

G.M. & COMPANY SECRETARY

S. K. C.Mathur

REGISTERED OFFICE

Jeevan Bharti, Tower-II,
124, Indira Chowk,
New Delhi – 110 001

CORPORATE OFFICE

Tel Bhavan
Dehradun – 248 003,
Uttar Pradesh

STATUTORY AUDITORS

M/s Lovelock & Lewes
M/s Lodha & Co.
M/s Chandabhoy & Jassoobhoy
M/s M.R.Narain & Co.
M/s Chaturvedi & Shah

BANKERS

State Bank of India

SUBSIDIARY

ONGC Videsh Limited

REGISTRAR AND SHARE TRANSFER AGENTS

M/s MCS Limited
Srivenkatesh Bhavan
212-A, Shahpurjat,
Behind Panchsheel Club,
New Delhi – 110 049

LISTED AT

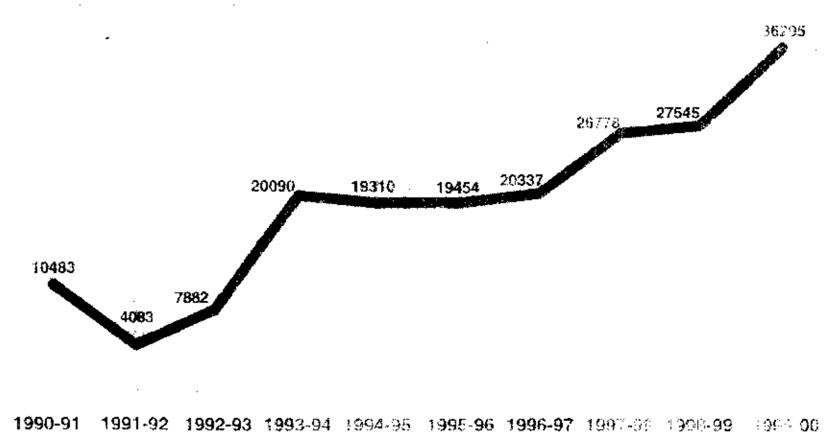
Delhi Stock Exchange
Mumbai Stock Exchange
National Stock Exchange

DEPOSITORIES

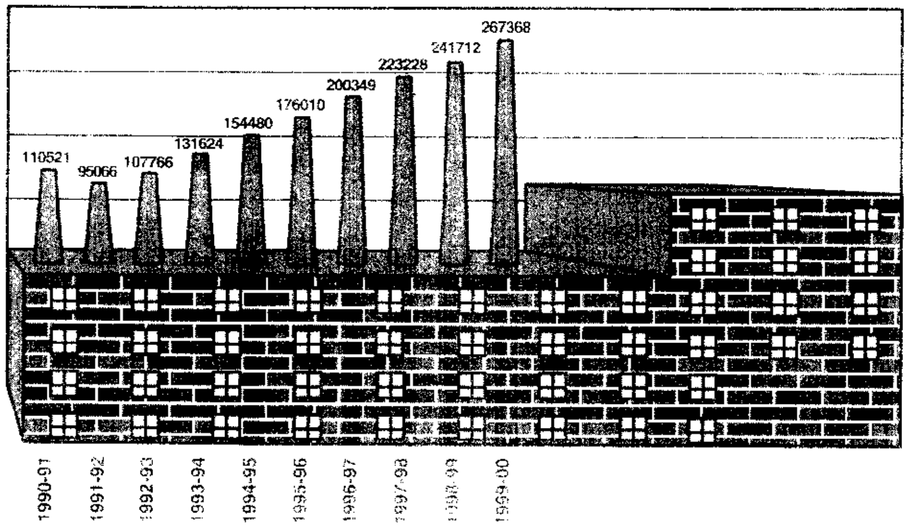
National Securities Depository Ltd.
Central Depository Services (India) Ltd.

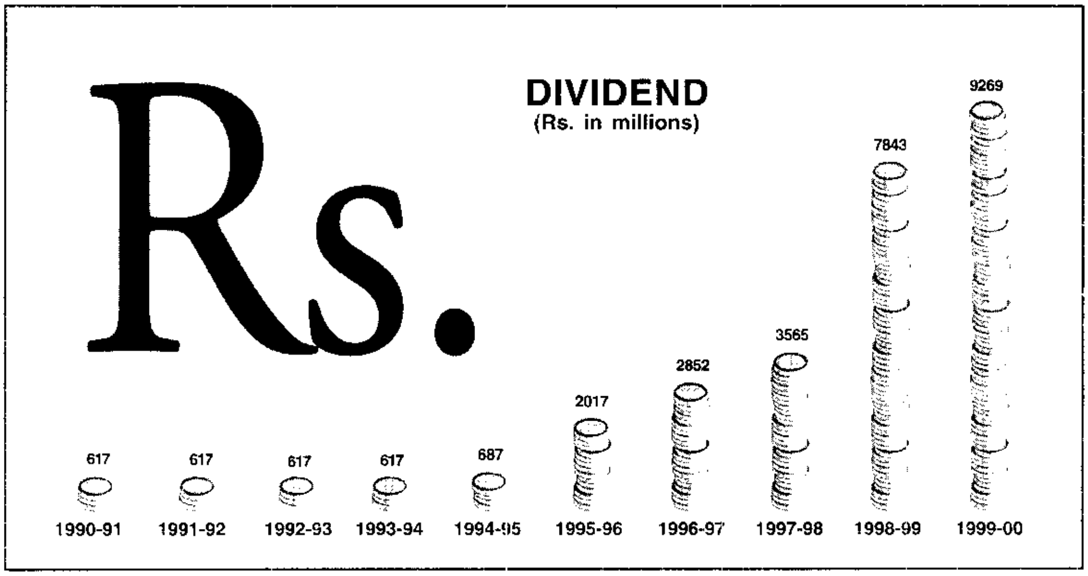
Powered by the past, ONGC heads for the future with vigour and confidence...

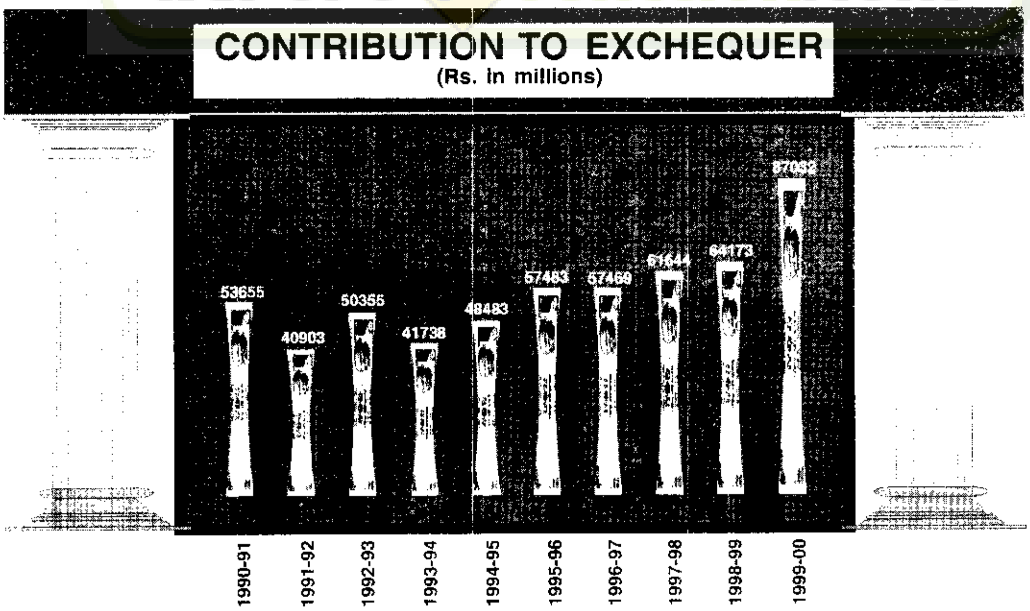
PROFIT AFTER TAX
(Rs. in millions)



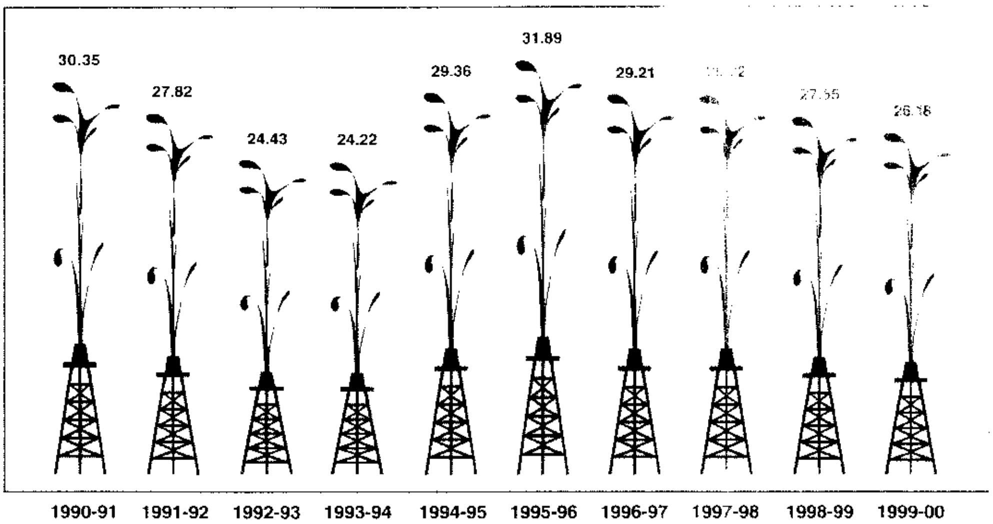
NET WORTH
(Rs. in millions)



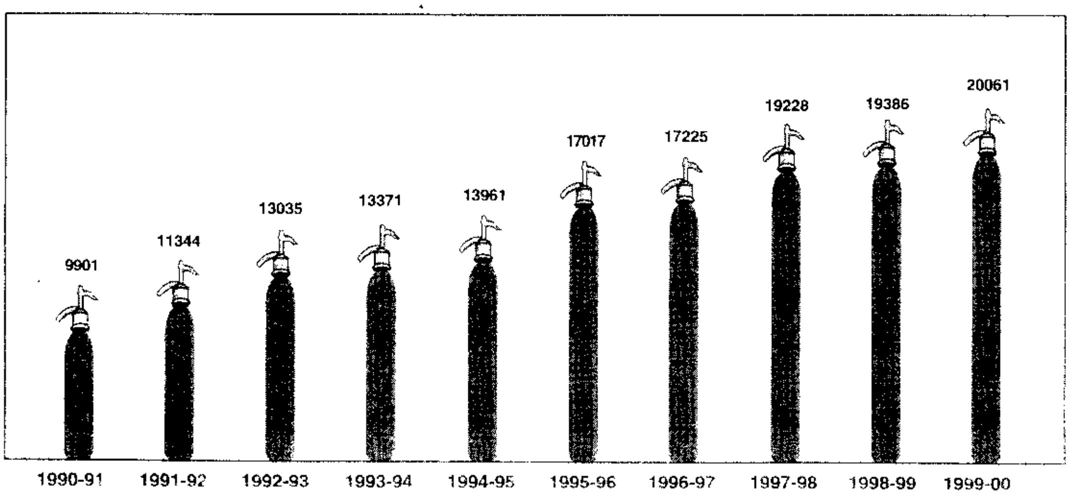

Rs.
DIVIDEND
(Rs. in millions)
617
617
617
617
687
2017
2852
3565
7843
9269
1990-91
1991-92
1992-93
1993-94
1994-95
1995-96
1996-97
1997-98
1998-99
1999-00


CONTRIBUTION TO EXCHEQUER
(Rs. in millions)
53655
40903
50355
41738
48483
57483
57469
61644
64173
87032
1990-91
1991-92
1992-93
1993-94
1994-95
1995-96
1996-97
1997-98
1998-99
1999-00

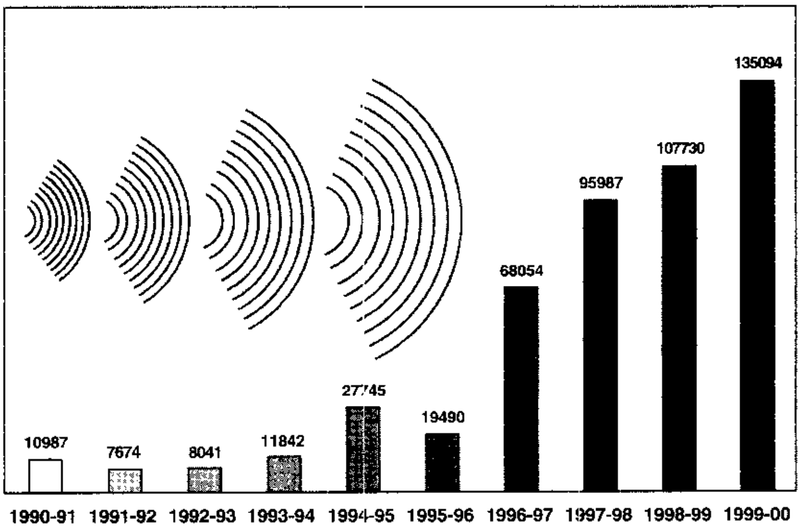
OIL PRODUCTION
(MMT)



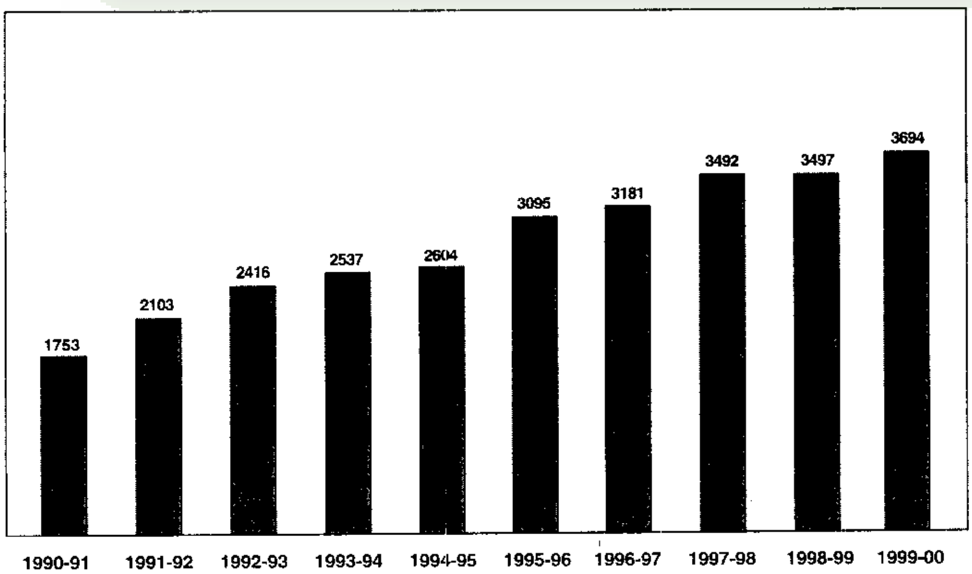
GAS SALES
(MMSCM)



3D SEISMIC SURVEYS
(LK)



PRODUCTION OF VALUE ADDED PRODUCTS
('000 TONS)



OVERVIEW 1999-2000

		Exploration	Development	Production
Mumbai Offshore	Most important oil and gas producing area in the country	3D seismics carried out over Heera and Umrat strucures. Oil finds in wells B-28, A-2 and D-31-A.	Bassein Booster Compressor and B-55 field commisioned. Major revamping and replacement of ageing facilities at Mumabi High initiated.	Mumbai High and Bassein fields continue to contribute substantially to oil and gas and to value added products.
Andhra Pradesh	Major gas producing area of South India. Growing potential.	Discoveries at Srigattapalle and Lakmaneshwaram. Encouraging results from deepwater well G1-A-AD	Work on development of offshore GS-15/23 field having processing facilities (onshore) initiated.	Augmentation of production facilities enhanced the oil production and gas sales.
Tamil Nadu	Major oil producer of South India with inceasing contribution to gas sales	Extension of Periyapattinam and Kuthalam fields.	Gas compressor facilities at Thiruvaruru and Nannilam commissioned	Trend of increasing oil and gas production continued. Efforts to increase gas sales.
Tripura	Contributing to gas sales in North-East India. High potential for further growth.	Very encouraging results of well drilled on the large Tichna anticline.		Sales of nearly 1.00 MMCMD achieved.
Assam	Only oil producing area in North-East India	Discovery at Safrai	Infill drilling Geleki, Rudrasagar	Improvement in production rates after commissioning of gas lift facilities.
Gujarat	Major onshore oil and gas producing area of India. Operations reorganised into the three Assets.	Interesting discovery at Akholjuni in Miocene Pays.	Implementation of EOR projects on commericial scale in Balol & Santhal in progress. Infill drilling in Gandhar, N.Kadi & Wasna	Contributed 23% to crude oil of the company
Bihar	Coal Bed Methane	Appraisal of Parbatpur block discovery.		
Overseas			Development of Vietnam gas discovery in progress	

NOTICE

Notice is hereby given that the 7th Annual General Meeting of the Members of **Oil and Natural Gas Corporation Limited** will be held on ***Wednesday, the 27th day of September 2000, at 11.30 a.m. at Hotel Ashoka, Convention Hall, 50-B, Chanakyapuri, New Delhi - 110 021*** to transact the following ***Ordinary Business*** :-

1. To consider and adopt the audited Balance Sheet as at March 31, 2000 and Profit & Loss Account for the year ended March 31, 2000 alongwith the Directors' and Auditors' Report thereon.
2. To declare dividend.
3. To appoint a Director in place of Shri Jauhari Lal, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri I.N. Chatterjee, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri S.M. Malhotra, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint a Director in place of Shri Atul Chandra, who retires by rotation and being eligible, offers himself for re-appointment.

By Order of the Board of Directors

S.K.C. Mathur

New Delhi
July 26, 2000

S.K.C.Mathur
G.M. & Company Secretary

NOTES :

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY FORM DULY COMPLETED SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS (48 HRS) BEFORE THE SCHEDULED TIME OF THE ANNUAL GENERAL MEETING. PROXY FORM IS ATTACHED.**
2. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, the 14th September, 2000 to Wednesday, the 27th September, 2000 (both days inclusive). The dividend will be payable, if approved, to those Members whose names appear on the Register of Members as on 27th September, 2000.
3. In accordance with Section 205A/205C of the Companies Amendment Act, 1999, the unpaid dividend will be transferred to the 'Investor Education and Protection Fund' after expiry of seven years from the date of declaration as follows:-

For Financial Year	Due for transfer to the Investor Education and Protection Fund.
1995-96	13th November, 2003
1996-97	18th November, 2004
1997-98	17th November, 2005
1998-99	9th November, 2006

Further, pursuant to the provisions of the Companies Amendment Act, 1999, no claims shall lie against the fund or the Company in respect of individual amounts which are unclaimed and unpaid for a period of seven years from the dates that they first became due for payment and no payment shall be made in respect of any such claims.

Shareholders who have not yet claimed/encashed their dividend warrants for the financial year 1995-96 onwards, are requested to approach the Registrar and Transfer Agents, M/s MCS Limited, Srivenkatesh Bhavan, 212-A, Shahpurjat (Behind Panchsheel Club), New Delhi – 110 049 for obtaining duplicate dividend warrants.

4. Members attending the meeting are requested to complete the enclosed Attendance Slip and deliver the same at the entrance of the meeting venue. However, entry to the meeting hall will be strictly on the basis of the entry card available at the counters at the venue to be exchanged with attendance slip. No briefcase or bag will be allowed to be taken inside the meeting hall for security reasons.

5. Members are requested to notify immediately change in their registered address, if any, along with Pin Code Number to M/s MCS Limited, UNIT:ONGC, 212-A, Shahpurjat, Srivenkatesh Bhavan, New Delhi - 110 049, R&T Agent of the Company, quoting their Folio Number, to ensure prompt receipt of dividend warrants and other communications.

6. Members desiring any information or intending to raise any query relating to accounts in the forthcoming Annual General Meeting are requested to forward the same at least 7 days before the date of the AGM to Company Secretary at the Registered Office of the Company so that the same may be attended to appropriately.

7. Members holding shares in multi folios are requested to apply for consolidation of said folios and send relevant share certificates to M/s MCS Limited, UNIT:ONGC, 212-A, Shahpurjat, Srivenkatesh Bhavan, New Delhi - 110 049, R&T Agent of the Company.

8. The Equity Shares of the Company have been included in the list of specified scrips where delivery of Shares in dematerialised form has been made mandatory with effect from 21st March, 2000 for all types of investors.

9. **Members are requested :**

   a) to bring their copies of Annual Report, Notice and Attendance Slip duly completed at the meeting.

   b) to quote their Folio Nos. in all future correspondence.

   c) to note that no gifts will be distributed at the AGM.

By Order of the Board of Directors

S.K.C. Mathur

S.K.C.Mathur
G.M. & Company Secretary

New Delhi
July 26, 2000

DIRECTORS' REPORT 1999-2000

Dear Members,

On behalf of the Board of Directors, I have pleasure in presenting this 7th Annual Report on the operations of your Company for the Financial Year ended March 31, 2000 together with Audited Statement of Accounts, the Auditors' Report and the comments by the Comptroller and Auditor General of India, thereon.

1. PERFORMANCE HIGHLIGHTS

It is a matter of great satisfaction that the period under review has been evenful in performance, increasing stress on Corporate Governance and varied measures initiated by the Company for achieving sustained growth in exploration, production and diversification activities. Your Company recorded an after tax profit of Rs. 36,295 million compared to Rs. 27,545 million - an increase of 32% over the previous year. The crude oil production at 26.18 MMT was slightly lower than the previous year, mainly due to shut-down on account of maintenance and repair of some of the oil pipelines and maturing age of the productive fields. A number of measures have been initiated to augment production and to improve recovery from all major oilfields, including Bombay High. Your Company, however, exceeded the targets set for the year for Natural Gas sales and for production of value added products viz., LPG, Ethane / Propane, Aromatic Rich Naptha, NGL and Kerosene. The production of Natural Gas stood at 24.60 billion cubic meters (BCM) while the production of value added products reached a high of 3.7 million tonnes (MMT) - 6% more than in the previous year. The target for natural gas sales was exceeded despite the set back due to accident/fire at B-121 platform, curtailing the production by 1.67 million standard cubic meters per day (SCMD).

Your Company made seven discoveries during the year, namely, Akholjuni(oil) and Sadra(oil) in Cambay, Laksmaneshawaram(gas) and Srigattapalle(gas) in Krishna-Godawri on land, TP(gas) in Mumbai Offshore, Safari(oil) in Assam, Shelf and Tichna(gas) at AAFB in Tripura. These discoveries together with improved recovery efforts resulted in 96.02 MMT (inplace) and 34.46 MMT (ultimate reserves) accretion to the existing oil and gas reserves of the Company. Besides this, two deepwater wells were completed, of which, one in K-G offshore produced oil and gas and other in Kerala-Konkan is under testing. Frontier Basins exploration also commenced with identification of location in Domah (MP) and Sunder Nagar in Himachal Pradesh.

Under the New Exploration Licensing Policy (NELP), your Company was awarded 8 blocks - 5 exclusive, 2 in consortium with Indian Oil Corporation and 1 in consortium with Gas Authority of India. 3 of these blocks are located in deepwater areas. The Government has also permitted the Company to seek alliances with partners having complementary strengths and expertise in deepwater exploration under the attractive NELP terms.

Your Company undertook 19 Projects costing Rs.54,110 million. Of these, 8 Projects namely, Booster Compressor Platform, Clamp-on Structure in Bombay High South, Clamp-on Structures on HB, HD & HE platforms in Heera field, B-55 Structure Development, Clamp-on Related modification (CRMP-I), Replacement of 4 Pipelines, Gandhar Development Ph-II and Pipeline & Platform Modification Project, were completed during the year.

In drilling, a major cost activity, your Company achieved the highest ever drilling productivity in terms of rig cycle speed and commercial speed. An overseas drilling service contract in Bangladesh, was also completed which projected on the International arena, the Company's capabilities in this important service area.

Your Company has been implementing major IT networks and applications, such as Integrated Material Management System, Up-gradation of Financial Systems, Exploration and Production (EPINET) and Human Resource Management (SHRAMIK), to meet the changing business environment, streamline the business processes and to provide business intelligence to decision makers. A Satellite and Radio based communication Network (IC-NET) has been commissioned to provide enterprise-wide communication highway. The challenge of Y2K bug was successfully overcome and your Company moved over smoothly to the new millennium and all the operating systems are performing well without any difficulty with all the hardware and software in position, including, process control systems.

Your Company is implementing an Organisational Transformation Project (OTP) to restructure the organisation, improve the systems and procedures, support and speed up effective decision making. The Project would be transforming the Company from a 'function-based' to a 'task-based' organisation. Multi-disciplinary teams will work with each Asset Manager to maximise economic value from exploration and production. The Project was initially implemented as a pilot in two geographical areas at Neelam (offshore) and WRBC (onshore). Based on its success, the concepts are proposed to be rolled over throughout the organisation. It is expected that your Company on its transformation will be in a much improved position to focus on business opportunities ensuring sustained growth.

For the initiatives taken in cash and fund management, including, debtors turnover, your Company shared the prestigious National Petroleum Management Programme Award with Indian Oil Corporation for the year 1998-1999.

Your Company was active in the area of Treasury and Foreign Exchange Risk Management. Investment of short-term surplus funds generated an interest income of Rs.4,962 million. Exposure to foreign exchange rate variation was reduced by pre-paying foreign currency loans aggregating Rs.2,330 million. Efforts continued to re-finance existing costlier loans by fresh loans with lower interest rates.

In accordance with the directives issued by SEBI, the shares of your Company were brought under compulsory trading in dematerialised form for all types of investors effective March 21, 2000. Shareholders now have the option to hold dematerialised securities with either National Securities Depository Ltd. (NSDL) or Central Depository Services (India) Ltd. (CDSIL).

During the year, the Central Workshops at Baroda and Sibsagar for their Diesel and Fabrication Shops and the Institute of Engineering and Ocean Technology (IEOT) obtained ISO-9000 Certification. The Ministry of Science and Technology, Government of India gave Geo-Technical and Material Corrosion Laboratories of the Institute accredition for testing and calliberation. Uran Complex was granted ISO-9002 for stabilisation of crude oil processing and extraction of value added products viz., LPG, C2-C3 and NGL for hydrocarbon gas. The Institute of Oil and Gas Production Technology (IOGPT) was re-certified for ISO-9001.

Your Company attaches great importance to safety, health and environment so as to achieve and conform to world class operational safety and risk management standards. The Company won five national safety awards instituted under various catagories by Oil Industry Safety Directorate (OISD) and Director-General Mines Safety (DGMS). Latest technologies have been adopted for pollution control, and for gaseous and liquid effluent disposal to protect and maintain ecological balance and nurture environmental quality around work centres. Your Company is establishing Environment Management System (EMS) based on internationally accepted ISO-14000 standards for its Hazira and Uran Plants. Organisation of training programmes to increase awareness of safety and health aspects has been your company's focus areas.

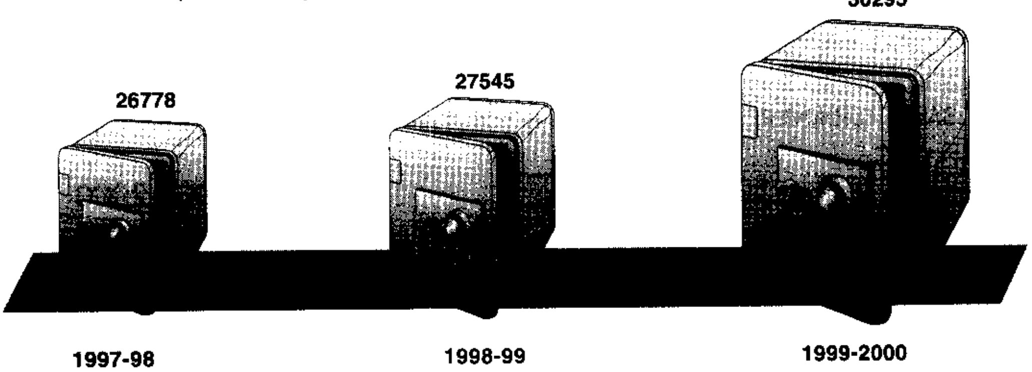
2. FINANCIAL PERFORMANCE

The Sales Revenue of your Company improved during the year to Rs. 200,936 million – an increase of 34% over Rs. 149,628 million recorded last year. Briefly, the financial results are as under:

Financial Results

				(Rs. in millions)
		1999-2000		**1998-1999**
Sales Revenue		200,936		149,628
Gross Profit		113,659		82,796
Less :				
Interest & Exchange Loss	9,545		14,204	
Depreciation/depletion/amortisation	42,523		31,918	
Provision/write offs (including Preliminary expenses)	2,286		928	
Provision for Taxation	23,010	77,364	8,201	55,251
Net Profit after tax		**36,295**		**27,545**
APPROPRIATIONS :				
Transfer to General Reserves		25,614		18,839
Proposed Dividend (including Interim)		9,269		7,843
Tax on Dividend		1,412		863
Total		**36,295**		**27,545**

NET PROFITS (AFTER TAX) (Rs. in millions)



3. DIVIDEND

Your Directors have paid Interim Dividend of 40% and are pleased to recommend payment of a Final Dividend of 25% making a total of 65% of dividend appropriation absorbing Rs.9,269 million and tax on dividend of Rs. 1,412 million.

1997-98

1998-99

1999-2000

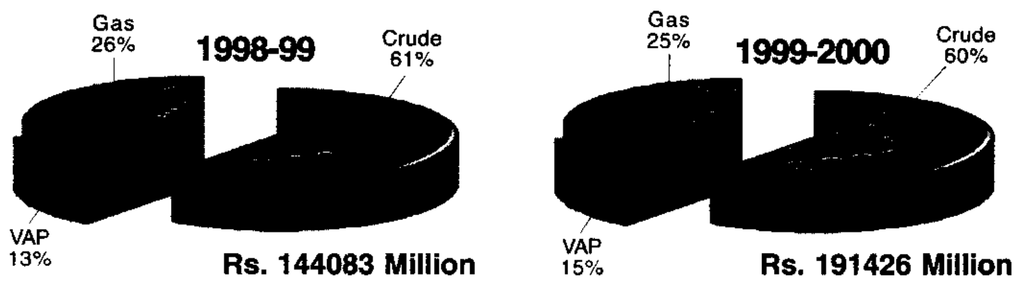
4. PHYSICAL PERFORMANCE

Production and Sales

Production and Sales during the year showed all round improvememt compared to the previous year, except for crude oil and NGL. The figures are as under:

Products	Unit	Production		Sales	
		1999-2000	1998-1999	1999-2000	1998-1999
CRUDE OIL	(MMT)	26.18	27.55	23.39	24.45
NATURAL GAS	(BCM)	24.60	23.97	20.06	19.39
LPG	(000'TONNES)	1206	1181	1208	1180
ETHANE/PROPANE	(000'TONNES)	557	507	557	506
NGL	(000'TONNES)	401	721	139	545
ARN	(000'TONNES)	1263	888	1254	906
SKO	(000'TONNES)	228	178	228	177
HEAVY CUT	(000'TONNES)	39	22	40	21

SALES TURNOVER



5. **PRODUCTION SHARING CONTRACTS (PSC)**

During the year, 19 contracts for exploration blocks were operative in the country. Your Company had 10% to 40% shares in 4 blocks in the Cauvery Offshore, Gulf of Kutch and Gulf of Cambay areas. The CY-OS-90/1 block in Cauvery Offshore, which was in the production stage and in which your Company holds 40% interest, produced 0.104 MMT of crude oil. The other three blocks were in the exploration phase. Your Company also has a carrying interest of 30% in the development phase of the remaining 15 of the 19 operative blocks, as and when, commercial discoveries are made.

There were further 5 exploration blocks, approved for award by the Government, wherein your Company will hold participating interest varying between 25% to 40% in 2 blocks and can exercise the option to acquire 10% interest at the time of signing and another 30% after commercial discovery in the other 3 blocks. Out of 4 production sharing contracts for Joint Venture development of discovered fields, your Company has 40% interest in three of these fields, namely, Ravva, Panna-Mukta and Mid & South Tapti. Your Company's share of crude oil and natural gas production for the year from these fields was 1.424 MMT and 1.245 BCM, respectively.

6. **NEW INITIATIVES**

Exploration

The Government of India extended NELP terms, to 6 blocks awarded to your Company on nomination basis to improve the economics of these highly capital intensive ventures and to facilitate tie-up with multi-national partners with the technology and expertise in deep water development project. New initiatives taken by your Company during the year include :

- Drawing of a comprehensive strategy for exploration in the deepwater areas believed to hold high potential for significant large discoveries.
- Carrying out of Extensive 3D seismic survey of more than 29,000 GLK in 4 deepwater blocks.
- Fast track exploration to consolidate the leads.
- Expediting drilling in new promising petroliferous belts.
- Expediting exploration-drilling efforts in Frontier on-land basins.

Coal-bed Methane Exploration

Your Company entered into Coal-bed Methane exploration in 1994 as an R&D Project to harness potential of vast Gondwana Coal Reserves of the Country. The first 2 wells, DU-1 & 2, were drilled in Durgapur Depression of Raniganj coal field in West Bengal. In the next phase, Jharia coal field was taken-up and the first well in the Parbatpur block proved to be gas bearing confirming the presence of CBM in the area. 4 more wells have been released in the Parbatpur block to test the commercial prospects of the field.

7. **DIVERSIFICATION**

Your Company has undertaken, in association with other energy companies, the following diversification initiatives :

Petronet LNG Ltd. (PLL)

The Government of India had approved the formation of PLL for importing liquefied natural gas (LNG) as a Joint Venture Company (JVC) of four premier Public Sector Enterprises in Hydrocarbon Sector, including, your Company, each Company contributing 12.5% of the equity capital of the JVC. During the year, NTPC, a major user of LNG, has also agreed to join the JVC with 10% equity. NTPC's share would be drawn in equal parts from the original promoter

companies. The remaining 50% contribution to capital would come through participation of strategic partners/LNG suppliers, financial institutions and the public. The Joint Venture Agreement is in the final stages of formulation. PLL has planned to set-up LNG terminal facilities of 5 MMTPA at Dahej and 2.5 MMTPA at Cochin. A long term Sale-Purchase Agreement (SPA) for supply of LNG has been signed with M/s. Ras Laffan LNG Co. which provides for commencement of LNG supply for Dahej terminal from July, 2003 and Cochin Terminal from the beginning of 2005. As on March 2000, investment of your Company in PLL stands at Rs.275 million.

Hazira Power Project

A 360 MW combined cycle power project is proposed at Hazira jointly with NTPC. The Raffinates/ light Naphtha/ Aromatic Rich Naptha (ARN) available at Hazira Gas Processing Complex would be utilised as main fuel for this power plant. The approval for use of multi-fuel has been granted by the Ministry of Power. The detailed feasibility report has been finalised. Gujarat State Electricity Board (GSEB) has been approached for issuing letter of comfort for power purchase and evacuation. MOP&NG has been requested for fuel allocation. The Project is likely to be completed by 2002 at an estimated capital cost of Rs.11,500 million

Strategic Alliance With Indian Oil Corporation

A Memorandum of Strategic Alliance was signed on September 7, 1999 with Indian Oil Corporation, primarily focusing in areas of Exploration and Production, Power, Petrochemical, Refining, Training, Consultancy and Services.

8. ONGC VIDESH LIMITED

ONGC Videsh Limited (OVL), a wholly-owned subsidiary of your Company, has in partnership with BP-Amoco and Statoil, discovered the Lan Tay/ Lan Do gasfields containing reserves of 2.04 trillion cubic feet in Block 6.1 of the Nam Con Son basin, 370 km. from mainland Vietnam. OVL is a partner in the upstream portion of the Project, which will provide production and revenue for a period of more than 20 years. The gas is planned to be transported to shore through a regional gas pipeline system and supplied to Petro Vietnam by OVL for a consideration of US$ 16.168 million. The essential commercial activities, including, the execution of commercial agreements are nearing completion, whereafter, the development of gas discoveries are planned. The first gas from the project is likely to be available in the year 2002. The Company is also actively pursuing two projects in Iraq. A number of projects in Russia, Kazakhstan, Algeria are under negotiations.

OVL has made a net profit of Rs.81.9 million for the current year - 11.43% higher than in the previous year.

9. HUMAN RESOURCE MANAGEMENT

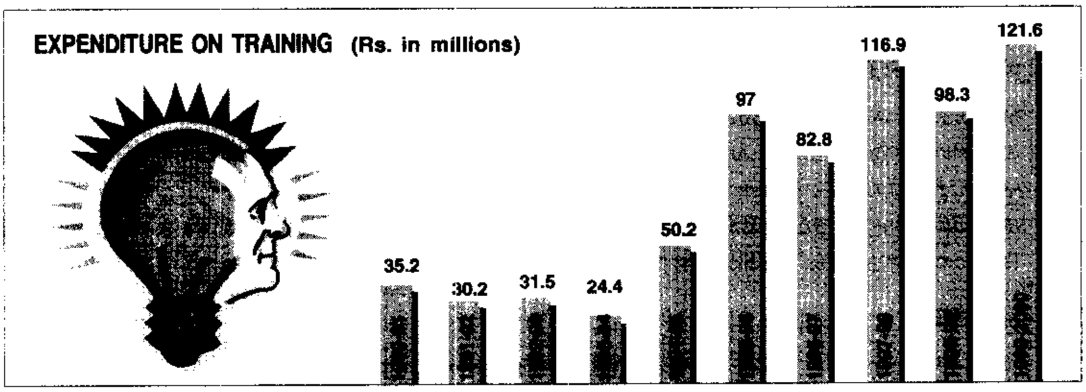
Your Company has adopted progressive policies in scientific HR planning, acquisition, utilization, training and motivation of its Human Resources. Using zero based studies, reduction of 2.74% was achieved during the year.

Your Company achieved 'EXCELLENT' rating in HR, parameters of which, were also incorporated in the MOU for 1999-2000.

During the year, your Company launched an 'Integrated System of Human Resource Automated Management Information Project for KAIZEN called (SHRAMIK)' to improve efficiency and effectiveness of HR decision-making.

10. TRAINING AND DEVELOPMENT

The Institute of Management Development (IMD), an ISO-9001 Quality Certification holder, has been developed as a Centre of Excellence for imparting training and enhance overall managerial capabilities of the workforce. During the year, the Institute conducted 186 Training Programmes and trained over 4500 executives both of the Company and other petroleum companies and made efforts to market its expertise abroad.



11. EMPLOYEES WELFARE

As 'a Company that cares', your Company generously extended several welfare benefits to its employees and their families in the areas of medical care, education, housing, recreation and social security. Some additions to the welfare measures were, Self-leasing facility for unionized category of employees, Enhancement of House Building Advance, Computer Advance and Bridge Loan facility from HDFC for construction/purchase of house.

12. INDUSTRIAL RELATIONS

Industrial Relations were peaceful and harmonious throughout the year. The issues raised from time to time were settled through dialogues and meetings. A long term wage settlement was entered into with the employees effective January, 1997 . With this, the salary structure in your Company is now comparable with the best in the country and would assist in retaining the talent. The Grievance Management System (GMS) has been functioning effectively and has resulted in enhanced employee satisfaction and morale.

13. OFFICIAL LANGUAGE

Implementation of the Official Language received a major thrust at all work centres. News letters/magazines were published besides organisation of quiz and essay writing competitions. The Official Language Implementation Committees at Headquarters and Regional offices continuously reviewed the progress and worked out action plans for accelerated promotion of Official Language .

14. WELFARE OF SC/ST

Your Company is playing its role in setting high standards for welfare of SC/ST communities. The Annual Component Plan was increased to Rs.7.5 million. Various programmes were undertaken in education and training, community development, medical and health care. Scholarships were offered to 75 SC/ST students pursuing Engineering, MBA and Post Graduate courses in Geo-Sciences.

15. WELFARE OF DISABLED PERSONS

Your Company is implementing the Permanent Disability Act, 1995 in all seriousness. Employment of persons with disability grew from 77 in 1994 to 138 in 1999. Additional posts were also released during the year exclusively for the recruitment of persons with disability.

16. WOMEN EMPOWERMENT

Special focus was given by your company during the year to the various facets of Women Development plans and programmes besides successfully running a Women's Polytechnic in Dehradun and Vocational Centres in Sibsagar, Assam, Amalapuram and Rajamundry in Andhra Padesh. Women Development Forums have been set up at each work centre for the professional development, redressal of grievances and to improve the working conditions. The women employees constituted about 5% of the total workforce of your Company.

17. SPORTS

Your Company won the Petroleum Sector Trophy during the year. Even at the International level, some of the players in individual events, did us proud. Your Company sponsored the Annual Junior and Senior Nehru Hockey Tournaments.

18. SOCIO-ECONOMIC DEVELOPMENT

During the year, Rs. 50 million was allocated for carrying out Socio-economic Development Projects in the peripheral areas of operations of your Company. Activities undertaken covered provision of medical, educational facilities, infrastructure development and environment protection. Your Company also provided support to diverse ongoing developmental projects at the grassroots level undertaken by NGO's. The Company contributed Rs. 80 million to the Prime Minister's Relief Fund for the Orissa Cyclone victim and Rs.150 million to National Defence Fund for conflict in Kargil. The Employees of your Company also contributed voluntarily one day's salary for the welfare of the Armed Forces Personnel and the dependents of the War Heroes.

19. VIGILANCE

The Vigilance Department of your Company is headed by Chief Vigilance Officer (CVO) who directly reports to the Chairman-cum-Managing Director. The Department has various wings, such as, Anti-Corruption, Disciplinary, Investigation & Prevention, Technical and Legal.

During the year, the Department took a number of measures to strengthen Preventive Vigilance by streamlining procedures, organizing training and vigilance sensitization programmes at various work centres. The Department carried out 121 inspections of work centres, coordinated with official investigating agencies and contributed significantly to maintain transparency and compliance with systems and procedures.

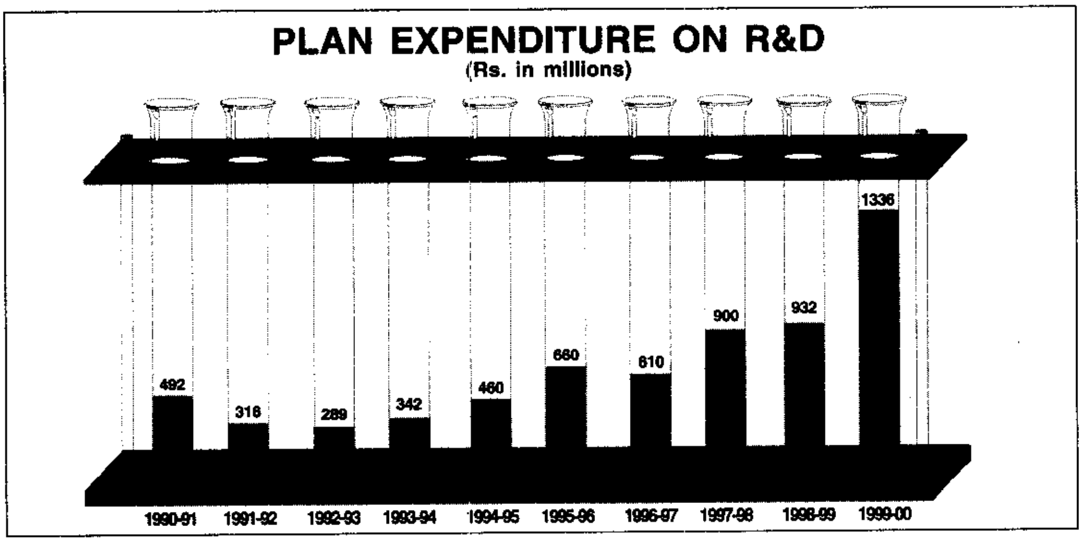
20. CORPORATE GOVERNANCE

The Government of India, recognizing the contribution made by your Company to the economy and to give it an impetus to become a global giant, accorded the status of a 'Navratna' Company with enhanced autonomy and delegation of powers. The Government also inducted 5 Part-time Non-Official Directors on the Board in the month of April, 1999. In line with the recent SEBI directives, your Company has set-up, ahead of schedule, an Audit Committee comprising of 1 Part-time Official Director, 3 Part-time Non-Official Directors and 2 Whole-time Functional Directors. In addition, the Board of your Company has constituted other Committees viz., Project Appraisal Committee, Business Development and Overseas Management Committee, Human Resource Management

Committee, Exploration and Production Committee, Finance Management Committee and Shares Transfer Committee, to look after day-to-day operational matters. The Board of Directors and its Committees meet frequently.

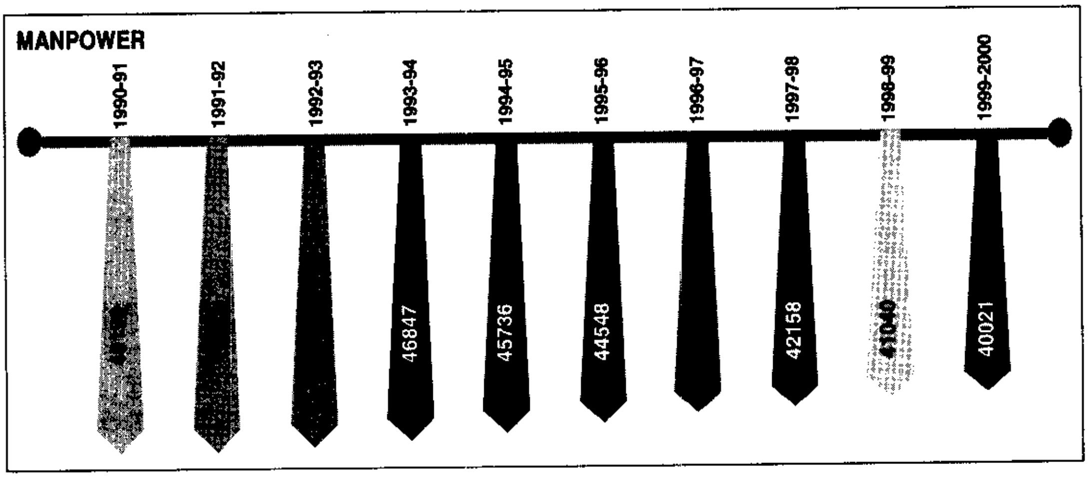
21. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Information as required under section 217(1)(e) read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is placed at Annexure I.



22. EMPLOYEES' PARTICULARS

As required under the provisions of Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, as amended, the particulars of employees are set out in seperate Annexure. However, as per the provisions of Section 219(1)(b)(iv) of the Act, the Report is being sent to the Members excluding the aforesaid information. Any Member desiring this information may write to the Company Secretary at the Registered Office of the Company.



23. AUDITORS

The Statutory Auditors of your Company are appointed by the Department of Company Affairs, Government of India on the recommendations of the Comptroller and Auditor General of India. Accordingly, M/s Chaturvedi & Shah, M/s Lovelock & Lewes, M/s Lodha & Co., M/s Chandabhoy & Jassoobhoy and M/s M.R. Narain & Co., Chartered Accountants were appointed Joint Statutory Auditors for the Financial Year 1999-2000.

The Report of the Statutory Auditors for the year ended 31st March, 2000 is annexed to the Accounts.

The comments/replies of the Board of Directors on the observations contained in the Statutory Auditors' Report are attached as Addendum to this Report in Annexture-II.

Review and comments of the Comptroller and Auditor General of India, together with replies of the Management thereon, are placed at Annexure III and form part of this Report.

24. DIRECTORS

Shri T.K.N.Gopalaswamy, Director(Exploration) and Dr. N.K.Sengupta, part-time non-official Director, resigned with effect from September 27, 1999 and March 10, 2000 respectively. Your Directors place on record their appreciation for the invaluable services, guidance and advice rendered by them during their respective tenure of directorship.

Shri Y.B.Sinha assumed charge as Director (Exploration) with effect from May 5, 2000.

In accordance with Article 104(a) of Articles of Association of your Company, S/Shri Jauhari Lal, I.N. Chatterjee, S.M.Malhotra and Atul Chandra retire at the conclusion of the ensuing 7th Annual General Meeting and, being eligible, offer themselves for re-appointment.

25. ACKNOWLEDGEMENT

Your Directors place on record their appreciation of the commitment and dedication shown by all the Members of Staff during the year but for whose efforts, the excellent results and achievements of your Company would not have been possible.

Your Directors also wish to acknowledge with thanks the continued support and guidance received from a number of agencies, especially various wings of Government of India - Ministry of Petroleum and Natural Gas, Ministry of Finance, the Department of Public Enterprises - the State Governments, Bankers, Statutory Auditors, the Office of the Comptroller and Auditor General of India and, not in the least, all of you, the esteemed Members.

Thank you,

On behalf of the Board of Directors

(B. C. Bora)
Chairman-cum-Managing Director

New Delhi
July 26, 2000

ANNEXURE-I

CONSERVATION OF ENERGY, TECHNOLOGY ABSORBTION, FOREIGN EXCHANGE EARNING AND OUTGO

A. DISCLOSURE REGARDING ENERGY CONSERVATION

a) Energy Conservation Measures taken

- Inter fuel substitution and proper capacity utilization of equipment
- Use of waste heat recovery equipment at Offshore Platforms, Rigs and at LPG Plants - Hazira & Uran
- Harnessed Solar Energy by using Solar Water Heaters and use of Photovoltaic panels at various Locations and using Solar Energy for Cathodic Protection System of Oil and Gas pipelines.
- In house training programmes on Energy Conservation and increase awareness for conservation of Petroleum products, conducted through various Regional Training Institutes in and around work centers.
- Using top drive system for faster drilling operation at Sagar Jyoti.
- Use of vapour absorption chilling units for Centrailized Air Conditioning.
- Use of Gas turbines generator sets in captive Power Plants and Gas Engines and dual fuel engines for power generation.
- Thermal Energy cost reduction achieved by maintenance of steam traps at processing plants.
- Using Natural Gas geysers at Mehsana Project, WOBU.

b) Additional investment and proposals, being implemented for reduction of consumption of energy:

1. Scheme Completed

Commissioning of Solar Lights and Solar Water heater in WRBC at a cost of Rs. 0.50 millions. Benefits to accrue Rs. 0.10 million per annum.

2. Scheme under implementation

Additional co-generation facility consisting of gas turbine, (1X19.6 MW) along with 1 No. heat Recovery Steam Generator (90 MT/ hr) capacity at LPG plant, Uran at a cost of Rs.1169.5 million. Benefits to accrue equals to Rs. 339 million per annum. (EDC July,2000)

c) Impact of measures at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of the production of goods.

Above measures at (a) & (b) above have resulted in reduction of large quantity of fuel consumption (HSD, Natural Gas and Electricity) valuing Rs. 1455.2 million during the financial year 1999-2000.

B. RESEARCH & DEVELOPMENT

1. Specific Areas in which R&D carried out

Geo-scientific Research

- Digital image processing, geophysical imaging, High resolution imaging and magnetic polarity Stratigraphy
- Geo-chemical prospecting and Characterisation of biological markers.
- Rheological studies for pipeline transportation and Microbial prospecting for hydrocarbons.
- Geo-cellular model Prepared based on STRATA for Bombay High North. Simulation study completed.
- Execution of Microbial Enhanced Oil Recovery field pilot test on indigenously developed thermophillic bacterial consortium at Kosamba and Badarpur.
- Laboratory studies for ASP/AS flooding for Jhalora, Kalol, Lakwa and Lakhmani and conceptual design for ASP pilot for Sobhasan field.
- Development of high temperature gel system for controlling water production in Bombay High & Gandhar.

Engineering Research

- Production enhancement and performance evaluation from various fields.
- Conventional/advanced fracturing and stimulation design.
- De-bottlenecking and optimization of process facilities.
- Deep sea exploitation and Artificial lift techniques.
- Risk and Reliability Analysis and HAZOP studies of offshore & onshore installations.
- Geo-technical Engineering, including, soil investigations, laboratory testing of soil samples and analysis & design of foundations.
- Structural Engineering, including, analysis & design of offshore platforms, sub marine pipelines and design of RCC structures.
- Materials & Corrosion Engineering including corrosion audit, failure analysis, Electro-chemical and stress corrosion studies, material selection, design of cathodic protection system and coating evaluation.
- Offshore environment quality monitoring around oil field installations in western offshore region and in Tapti, Panna and Mukta fields.

2. Benefits derived as a result of R&D

Geo-scientific Research

- An indigenous water control technology developed and successfully implemented in well HSB#8 of Heera field. Water cut reduced to 78% from 97% with net gain in oil rate of 430 Bbl/d.
- Electroflotation technique for separation of hydrocarbon from oil field water conceived and developed from bench scale to pilot model and tested in Jhalora.
- Identified more efficient and cost effective bactericides for SRB (Sulphate Reducing Bacteria) control in water injection system of Mumbai offshore.
- Delineated a gravity zone prospective for Mesozoic hydrocarbon below trap in Kutch Offshore.
- Delineated two possible source rocks, Komududem Formation of Permian and Raghavapuram Shale of Cretaceous in Mandapeta-Raghavapuram area having high probability of hydrocarbon accumulation.
- Evaluated hydrocarbon prospectivity of north bank of Brahamputra by analysing gravity, magnetic and aeromagnetic data.
- Mapped an extensive stratigraphic prospect on the margin of east Daman Carbonate bank in Tapti Daman block.
- Formulated a tectonostratigraphic model for Jorhat fault in basin formulation and tectonic upliftment of Mikir massif.
- Sequence statigraphic analysis taken up for the first time in west Tripura. Five sequences identified in post Oligocene succession.
- Based on basin modelling 23 billion tones of oil and oil equivalent gas estimated in Tarapur Ahmedabad block.
- Commercial application of in-situ combustion in Balol and Santhal field resulted in the production of additional EOR oil of the order of 2,00,000 tonnes.
- In Balol, Santhal & Lanwa fields in-situ combustion process in progress and yielding EOR oil.
- Major 15 producing fields analysed, inputs identified for improved oil recovery (IOR). The feasibility report for Gandhar, Kalol and North Kadi prepared.

Engineering Research

- Bid documents preparation evaluation for Mini Refinery at Tatipaka and Engineering projects of Uran are first time job of such nature.
- Integrated stimulation design of A-1 layer with multidisciplinary efforts.

- Substantial cost savings accrued directly due to the consultancy work and applied R&D and indirectly by improvement in operational efficiency & safety.
- Improved knowledge about soil investigation aspects and foundation concepts for deep water structures and nearshore structures due to Co-operation Programme with NGI, Norway.

3. Future Plan of Action

Geo-scientific Research

- Development/adoption of technologies for prospecting and exploitation in deep water
- Gas hydrate exploration
- Reconstruction of paleodiagenetic environments for reservoirs
- Developments of technologies for fold and thrust belt area exploration
- High resolution gravity magnetic survey
- Special processing of seismic data for attribute analysis.
- Technologies for subsurface imaging.
- On-line monitoring and performance evaluation of major fields, updation of data and corrective measures for better reservoir management.
- Extension of Microbial enhance Oil Recovery technique in Padra and Badarpur fields. Collaborative R&D project with Tata Energy Research Institute for development of suitable consortium or MEOR application in various oil fields with temperature above 5 degree centrigrade.
- Collaborative R&D project with NCL, Pune for development of polymers for polymer flooding & water shutoff for fields with high temperature and high salinity.
- Application of ASP/AS flooding for IOR in Viraj, Sobashan, Lakwa, Jhalora & Kalol. Feasibility of ASP/AS flooding in Lakhmani and Geleki. WAG is being studied for Bombay High field.

Engineering Research

- Advanced stimulation techniques design and application of gel technology for water shut off.
- Production/Process techniques for marginal fields, oil & mature fields, LNG/Value added products
- R&D project on 'Biotechnological removal of oil from oil field sludges'.
- Gas hydrates exploitation, Requalification of platforms and Environmental economic of E&P operations.

Technology Absorption/Adaptation and Innovation

Geo-scientific Research

- Membership and Technology agreement entered in the area of reservoir simulation.
- MOU finalised with University of Calgary, Canada for Technical collaboration for high Pressure air Injection Assembly for investigation of the high Pressure Air Injection IOR processes in medium and light oil reservoirs and evaluation of high-pressure air Injection for IOR for Bombay High reservoir.
- MOU entered with NCL, Pune for development of special co-polymers to be used in EOR and water shut off treatments in harsh reservoirs.
- MOU with Alberta Research Council (ARC), Canada for mutual co-operation and technology transfer in the area of excellence.
- MOU entered with TERI, Delhi for Microbial technique for EOR application and paraffin removal in wells of Heavy oil belt.

- Acquired new state of art Software and Hardware and extensively used for better reservoir Characterisation leading to better prediction and optimisation of recovery factor of the fields.
- Establishment of laboratories, and training of personnel in the specialised fields of conceptual studies, risk analysis and testing, soil investigation, foundation analysis & design, corrosion monitoring & mitigation studies, material testing & selection and failure analysis , etc.
- Development of capabilities in the thrust areas of Deepwater Soil Testing and Foundation Analysis and Enhancement of Risk Assessment Capabilities.

4. Expenditure on R&D

(Rs. in millions)

		1999-2000	1998-1999
a)	Capital	55.45	89.81
b)	Recurring	655.04	487.73
c)	Total	710.49	577.54
d)	Total R&D Expenditure as a Percentage of total turnover	0.35%	0.39%

5. Information regarding imported technology (imported during the last 5 years from the beginning of the financial year)

(A)	Technology Imported		(B) Year of Import
	i)	Geographic Information System	1995-96
	ii)	SUNSPARC-20 System (Interactive Interpretation Workstation)	1995-96
	iii)	Parabolic Fractal Analysis (Hydrocarbon Resource appraisal Technology)	1995-96
	iv)	NIL	1996-97
	v)	NIL	1997-98
	vi)	Hardware and software for reservoir characterization (Sun Ultra 60 & SGI Octane2)	1998-99
	vii)	Gravity magnetic processing and interpretation workstation	1999-2000
	viii)	Ar-Ar clock for Radiometric Dating	1999-2000
	ix)	Deep water Soil Testing and Foundation Analysis	1999-2000
(C)		Has the technology been fully adsorbed?	Yes
(D)		If not fully absorbed, areas where this has not taken place, reason thereof and future plans of action	Not applicable

6. Information on foreign exchange earnings and outgo

(Rs. in millions)

	1999-2000	1998-1999
Foreign Exchange Earnings	527.22	358.13
Foreign Exchange Outgo	39183.36	51720.91

ANNEXURE-II

ADDENDUM TO THE DIRECTORS' REPORT

(Management Replies to the comments in the Auditors' Report)

Refer to Auditors' Report Para No.	Management's Replies
Para 3(b) – Categorisation of wells as exploratory and producing, depletion of producing wells on the basis of the developed hydrocarbon reserves and provision for abandonment costs, are made according to technical evaluation by the management on which we have placed reliance.	Categorisation of wells as exploratory and producing is done on the basis of technical review every year. Exploratory wells which are of no further benefit are written off. Producing wells are depleted based on the developed hydrocarbon reserves as per the established Accounting Practices. Provision for abandonment cost relating to dismantling, abandoning and restoring offshore well sites has been made based on the latest technical assessment available with the Corporation.
Para 4.1 – Note 6 in Schedule 28 regarding non consideration of depreciation as a charge to Profit and Loss Account, being allocated to assets to be depleted and for the purpose of quantifying depreciation under Section 205 of the Companies Act,1956.	ONGC has already filed an application with the Government of India, Department of Company Affairs in this regard seeking exemption as was granted in earlier years.
4.2 – Note 7 regarding exploratory wells-in-progress aggregating Rs. 11491.09 million, which have remained unexploited for the reasons stated therein, on which we are unable to express our opinion in respect of amounts, if any, to be written off.	All such wells are reviewed every year to determine the development of the area. The exploratory wells which are of no further use/benefit are written off. During the year in accordance with Board's approval, wells which are included in wells-in-progress for more than five years and whose status are yet to be decided have been expensed. Some wells are carried forward as wells-in-progress pending further assessment to bring these wells to production.
4.3 – Note 9 (b) and Note 10 regarding incorporation of unaudited figures of five joint venture projects and a firm in which the Corporation is a partner respectively in the books of the Corporation.	As per the contracts the accounts of Joint Ventures are to be audited by September. Since the accounts of ONGC are finalised before September, the Corporation has no option but to adopt the unaudited figures in respect of these Joint Ventures and the firm as were done in previous year.

4.4 – Note 11 regarding items in transit which are pending adjustments over one year.	Items in transit are under continuous review by the management which has resulted in significant reduction of such items during current year. Appropriate accounting adjustment will be carried out based on the results of further review.
4.5 – Note 12 regarding overdue amounts aggregating Rs.2002.75 million. On the basis of available information, we are unable to form any opinion on the recoverability of these dues.	These overdue amounts are mainly due from Public Sector Undertakings. The matter is being pursued with the concerned Public Sector Undertaking for settlement of the dues. The matter is also being pursued through the Ministry of Petroleum and Natural Gas with the concerned PSUs.
4.6 – Note 14 regarding accounts pending reconciliations. We are unable to comment on the adjustments/provisions, if any, required to be made in this respect.	Reconciliation of physical inventory of stores & spares with stores ledger and general ledger and fixed asset with assets register and general ledger is in hand. Necessary action will be taken on completion of such reconciliation.
4.7 – Note 15 regarding the basis of determination of consumption of imported and indigenous stores and spare parts for the purpose of disclosure under Part II of Schedule VI to the Companies Act, 1956.	Continuous action is in hand to identify the opening inventories into imported and indigenous.
4.8 – Note 17 as well as Schedule 16 regarding segregation of outstandings of Small Scale Industry (SSI) from the creditors balances, for which we have placed reliance on the certificate issued by the Management.	No comments.
4.9 – Note 18 regarding non-provision/determination of additional liability, if any, arising due to pay revision.	During the year Officers' pay revision has crystallised and the same has been accounted for. Further, an adhoc provision of Rs 1 lakh/ employee towards pending staff pay revision has been made in the accounts for the year. After receipt of the staff pay revision orders additional impact, if any, would be worked out and accounted for accordingly during 2000-2001.
4.10 – Note 19 regarding continuous review in respect of non producing properties and non ascertainment of additional depletion, if any, in this respect.	A continuous review of such properties is being carried out and consequential adjustments are being made on techno-economic evaluation. Amount expensed during 1999-2000 pursuant to such review is Rs. 233.35 million.

Clarification to the points raised in Annexure to the Auditors' Report (MAOCARO)

Audit Report on Accounts of 1999-2000	Management's Replies
Para 1 – The Corporation has generally maintained proper records showing full particulars, including quantitative details and project-wise location of the fixed assets, except one project where the fixed assets records have not been reconciled with the general ledger and in joint ventures for which fixed assets register has not been maintained. We are informed that the fixed assets of the Corporation other than furniture and fixtures, have been physically verified by the Management during the year in accordance with a phased programme, except in respect of few projects where the physical verification is in progress, which is prima facie reasonable considering the size of the Corporation and the nature of its business. In the absence of reconciliation between assets physically verified and the book records, we are unable to comment on the materiality of the discrepancies and the consequential adjustment required to be made in the books of account.	Reconciliation between asset master and general ledger is a continuous process and all steps are taken for reconciliation. Adjustments are carried out on reconciliation of discrepancies from time to time.
Para 4 – According to the information and explanations given to us, the procedures of physical verification of stocks followed by the Management to the extent verified, were generally reasonable and adequate in relation to the size of the Corporation and the nature of its business except in case of certain projects where the implementation of the procedures needs to be strengthened.	Implementation of laid down policy in respect of physical verification would be ensured in the projects as observed by the auditors.
Para 5 – The discrepancies noticed on verification between the physical stock and the book records were not material having regard to the size of the operations of the Corporation except in respect of one project which has not been adjusted. In cases, where either physical verification has not been carried out, or the discrepancies have not been determined, we are unable to comment on the extent and materiality of the discrepancies.	Discrepancies noticed in one of the projects are under review and necessary adjustment would be carried out during the year.

Para 8 – The employees and other parties to whom loans or advances in the nature of loans have been given are generally repaying the principal amounts as stipulated, where stipulations have been made, and are also, where applicable, regular in the payment of interest in most cases. However, with regard to certain overdue loans and advances in the nature of loans amounting to Rs. 470.91 million and interest thereon amounting to Rs. 259.12 million, steps are being taken by the management for recovery of these amounts.	This is already covered under Para 4.5 of the main audit report.
Para 9 – There are adequate internal control procedures commensurate with the size of the Corporation and the nature of its business for purchase of plant and machinery, equipment and other assets and for the sale of goods. The internal control procedures for purchase of stores, materials and components needs to be strengthened particularly, for timely recording of purchases.	The Corporation is implementing Online "Integrated Material Management System" for material accounting and efficient inventory management.
Para 11 – The Corporation has a system of determining unserviceable or damaged stores and spare parts on the basis of technical evaluation and on such basis, adequate amounts have been written off in the accounts. This system of determination needs further improvement considering the size & nature of its business.	Suggestion has been noted.
Para 14 – The Corporation has an internal audit system commensurate with its size and nature of its business, however, it needs to be strengthened at few of the projects.	Suggestion has been noted.

ANNEXURE-III

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF OIL AND NATURAL GAS CORPORATION LIMITED FOR THE YEAR ENDED 31ST MARCH, 2000 AND MANAGEMENT'S REPLY

COMMENTS	MANAGEMENT'S REPLIES
BALANCE SHEET	
Exploratory Wells in Progress Rs.14253.32 million	
This includes:	
1. Rs.2056.63 million being the cost of 29 wells completed during the years 1988-89 to 1996-97 but have remained un-exploited.	These are the wells, which are hydrocarbon bearing but could not be exploited due to various reasons such as lack of demand, isolated discoveries needing further review, insufficient infrastructure in and around such finds etc. Techno economic review of such wells is an ongoing process to determine their suitability for commercial exploitation. Pending further development, these wells are carried forward as Wells-in-Progress which is in line with the laid down policy of the Company.
Current Assets Loans & Advances	
Other Current Assets Rs.4603.26 million	
2. This includes Rs 130.07 million being the interest accrued up to March 1999 in respect of loan (Rs.100 million) to a PSU referred to BIFR. This loan is not covered by any guarantee; as such provision for doubtful debts should have been made.	The issue relates to making provision of interest accrued till March 1999 on loan of Rs.10 crores granted to M/s. National Projects Construction Corporation Limited (NPCCL), which was declared sick. M/s NPCCL have submitted a revival package to the Government and have mentioned vide their letter dated 16th March, 1999 that the principal amount of loan and interest accrued upto 31st March, 1999 has been included in the revival package. In view of the above, it was not considered desirable to make any provision for doubtful debts in respect of interest accrued.
Current Liabilities and Provisions	
Current Liabilities Rs. 34171.64 million	
This is understated by:	
3. Rs.122.05 million being non/under provision for known liabilities.	All efforts are taken to account for all known liabilities. Considering the size and volume of transactions, such omissions, if any, as observed by the Government Audit are reviewed and necessary accounting adjustment as found necessary are carried out in the subsequent year. The present observation as mentioned in the

comments does not have any significant material impact on the accounts. However, this will be reviewed and necessary accounting adjustment will be carried out in 2000-01.

PROFIT AND LOSS ACCOUNT

Expenditure **Rs.151668.21 million**

4. This is understated by Rs.1969.41 million on account of following:

4.1 Undercharging of production, transportation, selling and distribution expenses etc.

(i) Allocation of Rs.115.41 million being the amount of project overheads to exploratory wells-in-progress.

The Company had changed the accounting policy in respect of project overheads to be in line with the practice generally followed by the Oil & Gas Exploration and Production companies elsewhere. The project overheads, which were hitherto allocated to activities like survey, exploratory drilling, development drilling, production and transportation etc. have been charged to profit and loss account during the year 1999-2000. As per the guidelines issued only those administrative services, which were common in nature and not identifiable to specific activity/service, were to be taken to project overheads. In the present case, only those expenditure which was not identifiable has been treated as project overhead and the identifiable expenditure was allocated to exploratory wells in progress.

(ii) Non-inclusion of Rs.3.20 million in respect of running expenses on Remote Operated Vehicle and Services on Rig Sagar Vijay for the month of March 2000.

The omission has been noted and necessary accounting adjustment will be carried out in the year 2000-01.

(iii) Non-provision of Rs 36.51 million for gratuity/ex-gratia in respect of separated officers, consequent upon pay revision.

Provision for gratuity of Rs.694.13 million has been made in the accounts for the year 1999-2000 based on actuarial valuation which in our view is sufficient to cover gratuity/ ex-gratia in respect of all officers and staff including separated officers even after pay revision. The under provision, if any, which has no material impact will be adjusted in 2000-01.

(iv) Capitalisation of interest charges (Rs.8.11 million) and expenditure on maintenance works (Rs 7.26 million) instead of charging to revenue.

Necessary accounting adjustment will be carried out in the year 2000-01.

4.2 Recouped Costs.

(i) For the SHG Process Platform, capitalised during 1994-95, ratio for allocation between Transportation and Producing Properties was fixed

SHG Process Platform was capitalised during 1994-95. The platform contains mainly gas compressors. The ratio of 94.14% for transportation was worked out

	at 94.14 : 5.86, which continued until its amendment at the instance of OCC to 61.38 : 38.62 in 1997-98. During the current year rate of depreciation on Process Platforms was increased from 15.33% to 30% retrospectively from 1994-95, the Corporation while recalculating depreciation allocable to Transportation Charges, applied an overall ratio instead of individual ratio for all platforms of MRBC. This simplistic calculation resulted in understatement of depreciation allocated to Transport as the aggregate depreciation so calculated (Rs 3557.34 million) was less than that (Rs 4553 million) applicable to SHG Process Platform alone on the basis of ratios as indicated above. The full impact of incorrect calculations in respect of all process platforms could not be calculated in the absence of complete records.	considering that these compressors are meant for transportation only. However, this compressors are used both for gas transportation as well as for gas lift since 1994-95. Gas lift is a production activity and proportionate depreciation of the compressors is allocable to Producing Properties. Accordingly, the ratio of 94.14% is not applicable. During the year, the rate of depreciation of all the process platforms was revised from 15.33% to 30% w.e.f 1.2.1994. The additional depreciation has been allocated between Producing Properties and Transportation, in the same ratio, as applied for the allocation of original depreciation in each year from 1994-95 to 1998-99 taking all the process platforms as a block. In the absence of change in the allocation methodology or additional factors warranting any change during the year, the original allocation ratio was maintained. The total differential depreciation from 1994-95 to 1998-99 charged to Profit & Loss Account is Rs.5438.58 million against Rs.3557.34 million as mentioned in the observation. An exercise has been carried out allocating depreciation platform wise, with the revised ratio of SHG platform and there is no under charge of depreciation to profit & loss account during 1999-2000.
(ii)	Rs.158.81 million on account of non-expensing of unproductive rig cost (waiting for material/staff etc.) during the year.	Once a rig is deployed on a well location and there are intermittent work disruptions due to reason whatsover including waiting on weather (WOW), breakdown, waiting for material, etc., the entire cost of such rig for such period is chargeable to the well where it is deployed. This costs are normal in nature for an E&P company and is being consistently followed. As regards the guidelines followed in the Company on the subject, the intent of WOW in respect of offshore covered under 'idle rig days' is in respect of rigs having been released from a well and "Waiting on Weather" during movement to the next location. However, out of Rs.158.81 million, Rs.28.56 million could not be charged to profit & loss account which will be rectified in 2000-01.
(iii)	Recoverable reserves for Heera field as on 1st April 1999 is lesser by 1.97 MMT compared to reserves adopted for depletion purpose. Consequently depletion is understated and profit is overstated by Rs.67.66 million.	Necessary accounting adjustment will be carried out in the year 2000-01.

(iv) Corporation allocates depreciation on process platforms between Transportation Charges (debited to Profit & Loss Account) and Producing Properties (Production Facilities capitalised) every year in the ratios worked out on the basis of facilities installed for these purposes. For the NQP process platforms, capitalised during 1994-95, this ratio was 56.6 : 43.4 between facilities and transportation but the platform itself was wrongly classified as production platform. During 1999-2000 rate of depreciation for process platform was increased from 15.33% to 30% retrospectively from 1994-95. Due to misclassification of NQP process platform as production platform the depreciation was not allocated between transportation charges and producing properties. As a result transportation charges are understated and profit is overstated by Rs.1077.11 million (current year Rs.8.65 million and prior period Rs. 1068.46 million).	NQ complex consists of three platforms namely NQO, NQG and NQP. NQO and NQG have been capitalised as Process Platform and the depreciation is being allocated between Transportation and Producing Properties. Whereas NQP platform has been capitalised as production platform considering that it was mainly meant for compression of gas for utilisation as gas lift which is a production activity. Since this platform was considered mainly for production activity, the depreciation was consistently taken to Producing Properties. Further, the cost of this platform is being taken for the purpose of depletion. The above is being followed consistently since the capitalisation of this platform. Further, the facilities installed at various platforms are used both for production as well as for transportation. Over a period of time more and more gas is used for gas lift purpose due to decrease in the reservoir pressure. Further there are some common facilities like power generation which is used for water injection also which is a production activity. Taking in to account the above factor, the ratio originally calculated needs revision. Accordingly, ratio of all the process platforms have been re-calculated based on the utilization of the facilities since 1994-95 and based on the revised ratio of all platforms, there is no under charge of depreciation to profit & loss account during the year 1999-2000 in totality including NQP platform.
(v) Depreciation on Panna Process Platform operated under production sharing contract has not been allocated between transportation and producing properties as per Corporation's practice. On a conservative estimate, based on the cost of compressors alone, an amount of Rs.179.29 million should have been charged to Profit & Loss Account on account of depreciation allocable to transportation.	ONGC is only a 40% partner in JVC and other party is the Operator. The operator has capitalised this platform as production cum process platform and taking the total depreciation as producing properties. Accordingly, the Company has also taken the depreciation of this platform to producing properties. This is being followed consistently since commissioning of the platform. Further the total cost of this platform (ONGC's share of cost) is being considered for the purpose of depletion. However, this will be reviewed during 2000-01 based on the actual utilisation of the assets for production activities and transportation.
4.3. Capitalisation of interest charges of Rs 28.18 million paid to contractor on settlement of dispute during the year.	Necessary accounting adjustment will be carried out in the year 2000-01.
4.4. (i) Non-provision of Rs.157.86 million in respect of surplus/obsolete/untraced/discrepant items.	Itemwise reply is as under : a) With the transfer of gas marketing function to M/s GAIL on 5.2.92 the various gas marketing assets including the 20" 10 KM line pipes were handed over to M/S GAIL. The issue was always taken up with

GAIL on many occasions. Finally a meeting was conducted in September 1999 at the management level to sort out the pending issues. In the meeting, the issue of non payment towards the pipes was also deliberated. GAIL not only acknowledged the taking over of these line pipes, but further stated that payment would be made on realisation from sale of the pipeline material. Hence it is amply clear that the issue is alive and under the constant focus of the management.

Since GAIL has agree to make the payment upon sale realization of material, no provision has been considered necessary.

b) In respect of balance items amounting to Rs.139.47 million, the Company is making a provision of 20% against non-moving inventories for the last three years. The total provision against stores & spares including capital items is Rs.2065.41 million as on 31.03.2000. It is felt that the same is sufficient to take care of the instances as pointed out by audit.

(ii) Rs.130.01 million being the amount not provided for abandonment in respect of Ravva Joint Venture as per the production sharing contract.

In the absence of any prescribed accounting standard for E&P companies in India and the experience gained by ONGC during the intervening period, the accounting policy on provision for abandonment costs has been formulated and implemented for the first time. As per ONGC's adopted Accounting Policy, abandonment cost of only those offshore well sites which are likely to be abandoned during the next 15 years is provided equally over the remaining useful life of those properties. The provision on this account is based on the latest technical assessment of the Company. Accordingly abandonment provision amounting to Rs.1895.70 million has been provided for in respect of offshore well sites. In the present case, as per Ravva Development Plan Update, which was approved by the Management Committee in 1998, the field would be coming up for abandonment only after 2019. Hence as per the accounting policy, no provision towards abandonment cost has been provided for in the accounts of 1999-2000.

Significant Accounting Policies

5. A reference is invited to Note No.2(ii) of Schedule-28 to the accounts of the Company for the year 1995-96, whereby the producing properties were not created in respect of the areas with recoverable reserves of less than one MMT prior

The cases referred to by Audit are in respect of small/marginal fields where the production is not as large as in case of bigger fields. However, these producing properties have been created in line with the accounting policy followed by the Company.

to 1995-96. Present accounting policy No.2(iv) however does not take into account the recoverable reserves or the actual production for creation of the producing properties.This has resulted in creation of producing properties amounting to Rs 395.54 million in respect of areas where the production was either nil or very low (below 2000 MT per year).	As per the Accounting policy producing properties are created in respect of areas when commercial production commences. In the Management's opinion, keeping in view the country's interests and to augment domestic production, even though the production from such fields is small or marginal, ONGC has created producing properties irrespective of the size of reserves and quantum of production. The Company has a system of reviewing such properties on regular basis and based on such review, properties which are not producing for a period of 3 years or more are being fully depleted. ONGC has already depleted such properties valuing Rs.233.35 millions in the year 1999-2000.
6. A reference is invited to Accounting Policy No. 3 regarding Impairment. According to this accounting policy, the impairment loss is determined on a global basis and adjusted for the carrying cost of Producing Properties. Provision for impairment loss ought to have been made in the accounts on individual property basis rather than on global basis. The necessity of shifting from the present practice of providing impairment on global basis became all the more imperative in the context of Government's order of November 1997, which stipulates that the basis of pricing of crude oil would shift in a phased manner during April 1998 to March 2002 from Administered Pricing Mechanism to Market Driven Pricing Mechanism.	As per the accounting policy of the Company the impairment loss is determined on a global basis and adjusted for in the carrying cost of producing properties. In case of ONGC fully owned properties impairment test was carried out by taking all properties together after taking into account the average selling price of crude oil and gas during the year 1999-2000, the operating cost of unamortised value of the properties. The expected future revenues from such properties undiscounted is more than the carrying cost of these properties. Hence, no provision for impairment has been considered necessary. This fact has also been suitably disclosed vide note No.8 to the notes to accounts in Schedule 28. Regarding impairment on individual property basis or by their suitable aggregation based on any field facilities etc. is concerned, it is mentioned that ONGC's crude oil price was being regulated under the Administered Price Mechanism (cost plus formula) till 31st March, 1998 whereas the international price of the crude oil was much more than the regulated price. Even after dismantling of the Administered Price Mechanism (APM) and shift towards Market Driven Price Mechanism (MDPM) in a phased manner, the Company has not been able to get 100% of the import parity price. The Company has been able to get only 77.5% of the import parity price of crude oil and that too has been subjected to a ceiling of Rs.5570 per MT. Under such scenario, impairment loss on a property-to-property basis or by their suitable aggregation based on common field etc. may not be applicable in the present operating environment of ONGC. The situation will, however, be reviewed as soon as ONGC starts getting 100% of the import parity price.

7. According to Accounting Policy No. 4, abandonment costs have been provided only for such offshore well sites which are likely to be abandoned during the next 15 years. In absence of any standards from ICAI on this subject, the Corporation should have been guided by the international practices like FAS/Statement of Recommended Practices (UK) etc. according to which abandonment costs should be charged over the full productive lives of the wells/facilities. The restriction of 15 years imposed by the Corporation limited the provision for abandonment and restoration costs to just 79 offshore well sites instead of 171 existing as on 31st March 2000. The provision of Rs.1895.70 million made is further underestimated on account of (a) adoption of various rates for works as prevalent on 31st March 1999 instead of 31st March 2000, (b) adoption of 2700 MT as average weight of a platform though this weight varies between 2700 to 7500 MT, (c) non-provision of Rs 50 million (estimated by Corporation) for D-18 field which ceased production during 1994-95 and (d) non-provision in respect of platform B-121 damaged in fire during 1998-99 whose abandonment was approved during 1999-2000.

Reference is invited to Accounting Policy No. 4 of Schedule 27 of the Accounts. The accounting policy of provision for future abandonment costs has been formulated and implemented for the first time in ONGC during the year 1999-2000. In the absence of any accounting standard for E&P companies in India, the Company has made a beginning and accordingly, a provision of Rs.1895.70 million has been made in the accounts considering the various facts and latest technical estimates available. This has been adequately disclosed in the Notes to Accounts [Note No. 4(f)] of Schedule-28.

Further it is mentioned that the periodic charge of future abandonment cost is to be based on the best possible estimate available which need to be further up-dated regularly so that the liability could be discharged at the time when abandonment work is commissioned/completed. It may be mentioned that it is not only the weight of the platform which is to be considered for ascertaining the abandonment liability rather the provision for abandonment costs is dependent on various factors like the life of the facilities, the technology available, safety aspects, national priorities, alternate use of the facility, statutory obligations and the prevailing environment and pollution control guidelines. It may so happen that technology may enhance the life of a field and thereby abandonment may get delayed. The basic objective is to provide for the abandonment liability on a gradual basis so that the total provision is equal to the cost of abandonment at the time when the facilities cease to be used. ONGC will be recognizing the liability on year to year basis depending upon the factors as stated above to take care of the abandonment cost at time when these offshore well sites will cease to be utilized.

Abandonment cost of B-121 platform is covered under insurance policy and hence there was no need of separate provision. Provision for abandonment towards D-18 will be reviewed during 2000-01.

Sanjeev Saluja
Principal Director of
Commercial Audit &
Ex-officio Member,
Audit Board II, Mumbai.

Mumbai
August 16, 2000

B. C. Bora
Chairman-cum-
Managing Director
For and on behalf
of Board of Directors

New Delhi
August 18, 2000

REVIEW OF ACCOUNTS OF OIL AND NATURAL GAS CORPORATION LIMITED FOR THE YEAR ENDED 31 MARCH 2000 BY THE COMPTROLLER & AUDITOR GENERAL OF INDIA

Note :- Review of Accounts has been prepared without taking into account comments under section 619(4) of the Companies Act, 1956 and qualifications contained in the Statutory Auditor's Report.

1. FINANCIAL POSITION

The table below summarises the financial position of the Corporation under broad headings for the last three years:

Rs. in million

	31 March 1998	As at 31 March 1999	31 March 2000
Liabilities			
(a) Paid up Capital			
i) Government	13706.74	13706.74	11993.39
ii) Others	552.51	552.53	2265.88
	14259.25	**14259.27**	**14259.27**
(b) Reserves & Surplus			
i) Free Reserves & Surplus	207505.17	226344.82	251959.27
ii) Share Premium Account	1723.98	1724.48	1724.49
iii) Capital Reserve	159.44	159.44	159.44
(c) Borrowings			
i) From Govt. of India*	4410.25	1191.46	645.29
ii) From Financial Institutions/Banks/OIDB	1617.40	1617.40	1617.40
iii) Foreign Currency Loans & Deferred Credits	86456.91	76522.90	64325.93
iv) Cash credit	-	1941.65	2451.92
v) Others	249.41	228.00	1912.16
(d) i) Current liabilities & Provisions	41955.58	50225.87	48813.00
ii) Provision for Gratuity & Leave encashment	2568.05	2996.08	3352.02
Total	**360905.44**	**377211.37**	**391220.19**

* Relending of World Bank loan.

	31 March 1998	31 March 1999	31 March 2000
Assets			
e) Gross Block	303598.77	318651.71	342069.73
f) Less: Depreciation	221397.31	244537.47	278068.92
g) Net block	82201.46	74114.24	64000.81
h) Producing Properties	138933.95	149953.01	160698.87
i) Exploratory wells in progress	9867.77	12384.25	14253.32
j) Capital works in progress	9915.56	16683.53	9756.70
k) Investments	44223.98	27114.68	22857.22
l) Current Assets, Loans and Advances	75342.55	96185.24	118919.14
m) Misc-expenditure not written off	420.17	776.42	734.13
Total	**360905.44**	**377211.37**	**391220.19**

n)	Working capital [l-d(i)]	33386.97	45959.37	70106.14
o)	Capital Employed [g+h+n]	254522.38	270026.62	294805.82
p)	Net Worth [a+b(i)+b(ii)-m]	223068.23	241552.15	267208.90
q)	Net Worth per Rupee of paid up capital (in Rs.)	15.64	16.94	18.74

2. RESERVES AND SURPLUS

The free reserves and surplus of the Corporation were 17.67 times its paid up capital as on 31 March 2000 as against 15.87 times as on 31 March 1999 and 14.55 times as on 31 March 1998.

3. PRODUCING PROPERTIES

Producing properties valuing Rs 903.2 million (net) as on 31.3.2000 did not produce any oil/gas during the year due to various technical/administrative reasons.

4. INVESTMENTS

During the year the Corporation invested funds aggregating Rs.71290 million in short term deposits/certificates of deposit with public sector banks/financial institutions and earned an income of Rs.3336.09 million on these investments.

5. SOURCES AND UTILISATION OF FUNDS

Funds amounting to Rs.84911.60 million from internal and external sources were generated and utilised during the year as given below :

		Rs. in million
Sources of Funds		
Profit after tax		36294.70
Add : Recouped costs		37844.39
Add : Exchange loss		4456.39
Misc. Expenditure		42.29
Share premium		0.01
Borrowings		1760.84
Deletion of Assets		255.52
Decrease in Investments		4257.46
		84911.60
Application of Funds		
Capital expenditure		33674.57
Repayment of borrowings		17276.22
Increase in Working Capital:		25255.49
Increase in Current Assets, Loans and Advances	22733.90	
Decrease in Current Liabilities	2521.59	
Dividend paid including tax on dividend		8705.32
		84911.60

6. Working Capital

a) The working capital of the Corporation as on 31 March of 1998, 1999 and 2000 was Rs.33386.97 million, Rs.45959.37 million and Rs.70106.14 million respectively.

b) The percentage of working capital to sales as on 31 March of 1998, 1999 and 2000 was 21.93, 30.72 and 34.89 respectively.

7. Ratio analysis

Some important financial ratios on the financial health and working of the Corporation at the end of last three years are as under:

(In percentages)

	1997-98	1998-99	1999-00
A. Liquidity Ratio			
Current Ratio: Current assets to current liabilities & provisions and interest accrued & due but excluding provisions for gratuity/leave encashment [I/d(i)]	180	192	244
B. Debt Equity Ratio			
Long term debt to equity [c(i to v) but excluding short term loans/p]	41.57	31.18	25.64
C. Profitability Ratios			
a) Profit before tax to :			
i) Capital Employed	13.01	13.24	20.12
ii) Net Worth	14.85	14.80	22.19
iii) Sales	21.75	23.89	29.51
b) Profit after tax to Equity	12.00	11.40	13.58
c) Earning per share (in Rs.)	18.78	19.32	25.45

8. Sundry Debtors

The position of debtors vis-a-vis sales in the last three years is given below:

Rs. in million

Year	Debts considered good	Provision for doubtful debts	Total debtors	Sales	Percentage of debtors to sales
1997-98	13092.97	683.16	13776.13	152243.35	9.05
1998-99	11085.54	670.18	11755.72	149627.94	7.86
1999-00	17245.45	522.01	17767.46	200935.57	8.84

The sales for the year 1999-00 includes arrears of Rs 8565.33 million on account of price revision of Crude Oil (Rs.5571.67 million), LPG/NGL (Rs.1195.25 million), C2-C3 (Rs.1366.54 million), BPT & ST charges (Rs.266.64 million) and Pipeline Transportation receipts (Rs.165.23 million).

9. **Inventory**

The inventory position as at the end of the last three years was as follows:

Rs. in million

		1997-98	1998-99	1999-00
i)	Stores and Spares (including in transit)	15502.46	13248.35	12853.14
ii)	Capital stores (including in transit)	2452.41	1638.66	1833.22
iii)	Stock in trade	715.30	717.16	869.22
iv)	Others	115.30	113.36	93.29

(a) The Stores and Spares at the close of each year was equivalent to about 13.2 months consumption in 1999-00 as against 14.2 months in 1998-99 and 16.7 months in 1997-98.

(b) Inventory as on 31 March 2000 include stores and spares valuing Rs. 2521.80 million and of capital stores valuing Rs 653.58 million, which have not moved for over two years. An aggregate provision of Rs.2065.41 million has been made in respect of non-moving stores and spares and capital stores.

(c) As on 31 March 2000 Stores and Spares valuing Rs.56.96 million were in transit for over three years.

(d) Discrepancies on physical verification of capital items numbering 24856 and stores and spares numbering 3285 items pertaining to the period 1990-91 to 1999-2000 and 1994-95 to 1999-2000 respectively were outstanding for reconciliation.

10. **Dividend**

The dividend payout ratio calculated as a percentage of total dividend paid/proposed (excluding tax on dividend) to profit after tax for the last three years ending 31 March 2000 was 13.31, 28.47 and 25.54 respectively.

Sanjeev Saluja
Principal Director of Commercial Audit &
Ex-officio Member, Audit Board II, Mumbai.

Mumbai
August 16, 2000

AUDITORS' REPORT

To the Members,

We have audited the attached Balance Sheet of OIL AND NATURAL GAS CORPORATION LIMITED as at 31 March, 2000 and the Profit and Loss Account of the Corporation for the year ended on that date, annexed thereto, both of which we have signed under reference to this report. We report as follows:

1. As required by the Manufacturing and Other Companies (Auditors' Report) Order, issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

2. In our opinion, the Profit and Loss Account and the Balance Sheet comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.

3. (a) The Accounts have been drawn up in accordance with the Significant Accounting Policies (Schedule 27). Accounting Policy 2 relating to "Successful Efforts Method", the treatment of exploration and development costs and Accounting Policy 3 relating to impairment are significant to the oil and gas exploration and production industry.

   (b) Categorisation of wells as exploratory and producing, depletion of producing wells on the basis of the developed hydrocarbon reserves and provision for abandonment costs, are made according to technical evaluation by the management on which we have placed reliance.

4. Attention is invited to the following notes in Schedule 28 :

   4.1 Note 6 regarding non consideration of depreciation as a charge to Profit and Loss Account, being allocated to assets to be depleted and for the purpose of quantifying depreciation under Section 205 of the Companies Act, 1956.

   4.2 Note 7 regarding exploratory wells-in-progress aggregating Rs. 11491.09 million, which have remained unexploited for the reasons stated therein, on which we are unable to express our opinion in respect of amounts, if any, to be written off.

   4.3 Note 9 (b) and Note 10 regarding incorporation of unaudited figures of five joint venture projects and a firm in which the Corporation is a partner respectively in the books of the Corporation.

   4.4 Note 11 regarding items in transit which are pending adjustments over one year.

   4.5 Note 12 regarding overdue amounts aggregating Rs.2002.75 million. On the basis of available information, we are unable to form any opinion on the recoverability of these dues.

   4.6 Note 14 regarding accounts pending reconciliations. We are unable to comment on the adjustments/ provisions, if any, required to be made in this respect.

   4.7 Note 15 regarding the basis of determination of consumption of imported and indigenous stores and spare parts for the purpose of disclosure under Part II of Schedule VI to the Companies Act, 1956.

   4.8 Note 17 as well as Schedule 16 regarding segregation of outstandings of Small Scale Industry (SSI) from the creditors balances, for which we have placed reliance on the certificate issued by the Management.

4.9 Note 18 regarding non-provision/determination of additional liability, if any, arising due to pay revision.

4.10 Note 19 regarding continuous review in respect of non producing properties and non ascertainment of additional depletion, if any, in this respect.

5. Subject to our comments in Paragraphs 3 (b) and 4 above, with consequential effects the quantification of which could not be determined on the profit for the year, reserves and surplus and net assets as at the Balance Sheet date, we report as follows:

5.1 We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

5.2 In our opinion, proper books of account as required by law have been kept by the Corporation so far as it appears from our examination of those books;

5.3 The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;

5.4 In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and read with notes to accounts of Schedule 28 in particular Note No.4 (c), (d), (e) and (f) regarding change in method of accounting policies for project overhead, undecided exploratory well, idle rig day cost and provision for abandonment costs give a true and fair view:

a) in the case of the Balance Sheet, of the state of affairs of the Corporation as at 31 March, 2000; and

b) in the case of the Profit and Loss Account of the profit of the Corporation for the year ended on that date.

For CHANDABHOY & JASSOOBHOY
Chartered Accountants

P.D.THAKUR
PARTNER

For LODHA & CO.
Chartered Accountants

H.K.VERMA
PARTNER

For CHATURVEDI & SHAH
Chartered Accountants

R.KORIA
PARTNER

For M.R.NARAIN & CO.
Chartered Accountants

P.ANAND
PARTNER

For LOVELOCK & LEWES
Chartered Accountants

T.BAGCHI
PARTNER

New Delhi
June 1, 2000

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 1 of our report of even date)

1. The Corporation has generally maintained proper records showing full particulars, including quantitative details and project-wise location of the fixed assets, except one project where the fixed assets records have not been reconciled with the general ledger and in joint ventures for which fixed assets register has not been maintained. We are informed that the fixed assets of the Corporation other than furniture and fixtures, have been physically verified by the Management during the year in accordance with a phased programme, except in respect of few projects where the physical verification is in progress, which is prima facie reasonable considering the size of the Corporation and the nature of its business. In the absence of reconciliation between assets physically verified and the book records, we are unable to comment on the materiality of the discrepancies and the consequential adjustment required to be made in the books of account.
2. The fixed assets of the Corporation have not been revalued during the year.
3. As explained to us, the stock of finished goods was physically verified/since verified by the Management at reasonable intervals and the stock of stores and spare parts (excluding stock lying with third parties, stores and spare parts in transit and capital stores) was physically verified during the year by the management in accordance with perpetual inventory programme.
4. According to the information and explanations given to us, the procedures of physical verification of stocks followed by the Management to the extent verified, were generally reasonable and adequate in relation to the size of the Corporation and the nature of its business except in case of certain projects where the implementation of the procedures needs to be strengthened.
5. The discrepancies noticed on verification between the physical stock and the book records were not material having regard to the size of the operations of the Corporation except in respect of one project which has not been adjusted. In cases, where either physical verification has not been carried out, or the discrepancies have not been determined, we are unable to comment on the extent and materiality of the discrepancies.
6. In our opinion and on the basis of our examination of the stock records, the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and is generally on the same basis except Note 4(a) and (b) in Schedule 28 regarding valuation of stock of stores and spares at Weighted Average Cost Method as against LIFO method and finished goods including excise duty aggregating to Rs.110.71 million.
7. The Corporation has not taken/granted loans from/to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. In terms of Sub Section (6) of Section 370 of the Companies Act, 1956, provision of the Section are not applicable to a Company on or after 31st October, 1998.
8. The employees and other parties to whom loans or advances in the nature of loans have been given are generally repaying the principal amounts as stipulated, where stipulations have been made, and are also, where applicable, regular in the payment of interest in most cases. However, with regard to certain overdue loans and advances in the nature of loans amounting to Rs.470.91 million and interest thereon amounting to Rs.259.12 million, steps are being taken by the management for recovery of these amounts.
9. There are adequate internal control procedures commensurate with the size of the Corporation and the nature of its business for purchase of plant and machinery, equipment and other assets and for the sale of goods. The internal control procedures for purchase of stores, materials and components needs to be strengthened, particularly for timely recording of purchases.
10. According to the information and explanations given to us, there are no transactions for the purchase of goods and materials, and the sale of goods, materials and services, made in pursuance of contracts or arrangements entered in the Register maintained under Section 301 of the Companies Act, 1956.

11. The Corporation has a system of determining unserviceable or damaged stores and spare parts on the basis of technical evaluation and on such basis, adequate amounts have been written off in the accounts. This system of determination needs further improvement considering the size & nature of its business.
12. The Corporation has not accepted any deposits from the public.
13. In our opinion, reasonable records have generally been maintained for the sale and disposal of by-product and realisable scrap.
14. The Corporation has an internal audit system commensurate with its size and nature of its business, however, it needs to be strengthened at few of the projects.
15. We are informed that the Central Government has not prescribed the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 for any of the Corporation's products.
16. According to the records of the Corporation, the provident fund dues were regularly deposited with the appropriate authorities during the year. We are informed that the Employees' State Insurance Scheme is not applicable to the Corporation.
17. According to the information and explanations given to us and the books and records examined by us, there are no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Customs Duty and Excise Duty which were due as at 31 March 2000, for more than six months from the date they became payable.
18. During the course of our examination of the books of account carried out in accordance with generally accepted auditing practices, we have not come across personal expenses of employees or directors which have been charged to revenue, other than those payable under contractual obligations or in accordance with generally accepted business practice.
19. The Corporation is not a Sick Industrial Company within the meaning of Clause (o) sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
20. In respect of the services rendered by the Corporation, having regard to the nature of the services and basis of billing, it is not considered necessary by the Management to have a system of allocation of consumption of stores and spare parts and man-hours to relative jobs. There is a reasonable system of authorisation at proper levels, and an adequate system of internal controls on issue of stores and spare parts.

For CHANDABHOY & JASSOOBHOY
Chartered Accountants

P.D.THAKUR
PARTNER

For LODHA & CO.
Chartered Accountants

H.K.VERMA
PARTNER

For CHATURVEDI & SHAH
Chartered Accountants

R.KORIA
PARTNER

For M.R.NARAIN & CO.
Chartered Accountants

P.ANAND
PARTNER

For LOVELOCK & LEWES
Chartered Accountants

T.BAGCHI
PARTNER

New Delhi
June 1, 2000

BALANCE SHEET AS AT 31ST MARCH, 2000

(Rupees in millions)

	Schedule		As at 31st March, 2000	As at 31st March, 1999
SOURCES OF FUNDS				
SHAREHOLDERS' FUNDS				
Share Capital	1	14,259.27		14,259.27
Reserves and Surplus	2	253,843.20		228,228.74
			268,102.47	242,488.01
LOAN FUNDS				
Secured Loans	3	0.00		1,941.65
Unsecured Loans	4	67,271.43		74,617.18
Deferred Credits	5	3,681.27		4,942.58
			70,952.70	81,501.41
TOTAL			339,055.17	323,989.42
APPLICATION OF FUNDS				
FIXED ASSETS	6			
Gross Block		342,069.73		318,651.71
Less: Depreciation		278,068.92		244,537.47
Net Block		64,000.81		74,114.24
Capital Works in Progress	7	9,756.70		16,683.53
Producing Properties (Net)	8	160,698.87		149,953.01
			234,456.38	240,750.78
EXPLORATORY WELLS IN PROGRESS (NET)	9		14,253.32	12,384.25
INVESTMENTS	10		22,857.22	27,114.68
CURRENT ASSETS, LOANS AND ADVANCES				
Inventories	11	15,648.87		15,717.53
Sundry Debtors	12	17,245.45		11,085.54
Cash and Bank Balances	13	33,553.84		18,959.78
Loans and Advances	14	47,867.72		46,497.90
Other Current Assets	15	4,603.26		3,924.49
		118,919.14		96,185.24
LESS: CURRENT LIABILITIES AND PROVISIONS				
Current Liabilities	16	34,171.64		40,223.18
Provisions	17	17,993.38		12,998.77
		52,165.02		53,221.95
NET CURRENT ASSETS			66,754.12	42,963.29
MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)	18		734.13	776.42
TOTAL			339,055.17	323,989.42
SIGNIFICANT ACCOUNTING POLICIES	27			
NOTES TO THE ACCOUNTS	28			

Schedules referred to above form an integral part of the Accounts

S.K.C. Mathur
G.M. & Company Secretary

I.N. Chatterjee
Director(Finance)

B.C.Bora
Chairman-cum-Managing Director

In terms of our report of even date attached

For Chandabhoy & Jassoobhoy
Chartered Accountants
P.D. Thakur
Partner

For Lodha & Co.
Chartered Accountants
H.K. Verma
Partner

For Chaturvedi & Shah
Chartered Accountants
R. Koria
Partner

For M.R. Narain & Co.
Chartered Accountants
P. Anand
Partner

For Lovelock & Lewes
Chartered Accountants
T. Bagchi
Partner

New Delhi
June 1, 2000

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2000

(Rupees in millions)

	Schedule	1999-2000	1998-1999
INCOME			
Sales	19	199,826.23	147,492.04
Pipeline transportation receipts		1,109.44	2,135.90
Other income	20	9,931.47	9,883.78
		210,867.14	159,511.72
Increase in stocks	21	152.06	1.86
		211,019.20	159,513.58
EXPENDITURE			
Production, transportation, selling and distribution expenditure etc.	22	97,313.67	76,654.44
Recouped costs	23	42,522.89	31,918.05
Interest and exchange fluctuation	24	9,545.56	14,204.26
Provisions and write offs (Net)	25	2,286.09	927.69
		151,668.21	123,704.44
Profit for the year before Tax and prior period adjustments		59,350.99	35,809.14
Adjustments relating to prior period (Net)	26	46.59	62.67
Provision for taxation			
- For current year(including wealth tax Rs. 4 million Previous Year Rs.1.5 million)		23,304.00	8,201.50
- For earlier years(including wealth tax Rs. 0.8 million Previous Year Nil)		(294.30)	0.00
Profit after taxation		36,294.70	27,544.97
Surplus at the beginning		0.10	0.05
BALANCE AVAILABLE FOR APPROPRIATION		36,294.80	27,545.02
APPROPRIATIONS			
Interim Dividend		5,703.74	0.00
Proposed Final Dividend		3,564.83	7,842.63
Tax on Interim Dividend		627.41	0.00
Tax on Proposed Final Dividend		784.27	862.69
Transfer to General Reserve		25,614.50	18,839.60
Balance carried to Balance Sheet		0.05	0.10
		36,294.80	27,545.02
SIGNIFICANT ACCOUNTING POLICIES	27		
NOTES TO THE ACCOUNTS	28		

Schedules referred to above form an integral part of the Accounts

S.K.C. Mathur **G.M. & Company Secretary**	**I.N. Chatterjee** **Director(Finance)**	**B.C.Bora** **Chairman-cum-Managing Director**

In terms of our report of even date attached

For Chandabhoy & Jassoobhoy **Chartered Accountants**	**For Lodha & Co.** **Chartered Accountants**	**For Chaturvedi & Shah** **Chartered Accountants**
P.D. Thakur **Partner**	**H.K. Verma** **Partner**	**R. Koria** **Partner**
	For M.R. Narain & Co. **Chartered Accountants**	**For Lovelock & Lewes** **Chartered Accountants**
New Delhi **June 1, 2000**	**P. Anand** **Partner**	**T. Bagchi** **Partner**

SCHEDULE - 1

(Rupees in millions)

		As at 31st March, 2000	As at 31st March, 1999
SHARE CAPITAL			
Authorised:			
15000,000,000 Equity Shares of Rs. 10 each		**150,000.00**	150,000.00
Issued and Subscribed:			
1425,933,992 Equity Shares of Rs. 10 each		**14,259.34**	14,259.34
Paid up :			
1425,933,992 Equity Shares of Rs. 10 each fully paid up	**14,259.34**		14,259.34
Less : Calls in arrears (Other than Directors)	**0.07**		0.07
		14,259.27	14,259.27
TOTAL		**14,259.27**	**14,259.27**

Note : The above includes:

(i) 342,853,716 Equity Shares issued as fully paid up to the President of India without payment being received in cash in terms of Oil and Natural Gas Commission (Transfer of Undertaking and Repeal) Act,1993.

(ii) 1,076,440,366 Equity Shares issued as fully paid up by way of bonus shares by capitalisation of General Reserve.

(iii) Calls in arrears exclude the amount of share premium receivable on these shares. Share premium account is credited only on receipt basis.

SCHEDULE - 2

		As at 31st March, 2000	As at 31st March, 1999
			(Rupees in millions)
RESERVES AND SURPLUS			
Capital Reserve		159.44	159.44
Share Premium Account			
a) Opening Balance	1,724.48		1,723.98
b) Additions during the year	0.01		0.50
		1,724.49	1,724.48
Premium on Foreign Currency Bonds		168.12	168.12
General Reserve			
a) Opening Balance	226,176.60		207,337.00
b) Transferred from Profit and Loss Account	25,614.50		18,839.60
		251,791.10	226,176.60
Profit and Loss Account		0.05	0.10
TOTAL		253,843.20	228,228.74

SCHEDULE - 3

SECURED LOANS

Cash Credit from State Bank of India [Secured by hypothecation of inventories including that in transit (other than capital stores) and present and future book debts]	0.00	1,941.65
TOTAL	0.00	1,941.65

SCHEDULE - 4

(Rupees in millions)

UNSECURED LOANS	As at 31st March, 2000	As at 31st March, 1999
(a) Long Term		
- From Government of India	**645.29**	1,191.46
- From Oil Industry Development Board	**1,617.40**	1,617.40
Foreign Currency Loans :		
- From Foreign Banks/Financial Institutions (Guaranteed by Government of India)	**33,497.48**	36,661.08
- From Foreign Banks/Financial Institutions	**14,745.18**	20,093.24
- From others	**1,912.16**	228.00
Foreign Currency Bonds*:		
- From Foreign Banks/Financial Institutions (Guaranteed by Government of India)	**12,402.00**	10,581.00
(b) Short Term		
Foreign Currency Loans:		
- From Indian Banks	**0.00**	4,245.00
(c) Cash Credit		
- State Bank of India	**2,451.92**	0.00
TOTAL	**67,271.43**	**74,617.18**
Repayable within one year	**23,710.06**	12,530.87

* Represent 8.5% Samurai Bonds III (JY) due for redemption in December, 2000 with buy back option.

SCHEDULE - 5

DEFERRED CREDITS (Unsecured)		
Guaranteed by Bank		
- From Foreign Banks/Financial Institutions	**3,234.04**	4,367.13
- From Others	**0.00**	8.59
Guaranteed by Government of India		
- From Banks/Financial Institutions	**447.23**	566.86
TOTAL	**3,681.27**	**4,942.58**
Repayable within one year	**976.30**	959.80

SCHEDULE - 6

FIXED ASSETS

(Rupees in millions)

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 1st April, 1999	Additions during the year	Deletions/ adjustments during the year	As at 31st March, 2000	As at 1st April, 1999	For the year	Deletions/ adjustments during the year	Upto 31st March, 2000	As at 31st March, 2000	As at 31st March, 1999
Land										
i) Freehold	610.98	121.59	0.05	732.52	0.00	0.00	0.00	0.00	732.52	610.98
ii) Leasehold	759.97	54.11	0.00	814.08	109.49	12.59	0.00	122.08	692.00	650.48
Buildings and Bunk Houses	6,504.74	567.33	3.37	7,068.70	3,431.93	229.70	6.21	3,655.42	3,413.28	3,072.81
Railway Sidings	76.57	0.00	0.00	76.57	57.64	2.64	0.00	60.28	16.29	18.93
Plant and Machinery	303,771.19	23,254.80	917.00	326,108.99	235,093.10	33,687.13	678.19	268,102.04	58,006.95	68,678.09
Furniture and Fittings	2,264.06	240.06	21.50	2,482.62	1,622.35	127.79	6.10	1,744.04	738.58	641.71
Vehicles, Survey Ships, Crew Boats, Aircrafts and Helicopters	4,664.20	175.83	53.78	4,786.25	4,222.96	211.78	49.68	4,385.06	401.19	441.24
TOTAL	**318,651.71**	**24,413.72**	**995.70**	**342,069.73**	**244,537.47**	**34,271.63**	**740.18**	**278,068.92**	**64,000.81**	**74,114.24**
Previous year	303,598.77	15,501.72	448.78	318,651.71	221,397.31	23,553.95	413.79	244,537.47	74,114.24	82,201.46
The above includes the Corporation's share in Joint Venture Assets	11,976.48	452.06	1.18	12,427.36	7,501.65	1,472.51	0.60	8,973.56	3,453.80	4,474.83

Notes:

1. Additions to Plant and Machinery include Rs. 1818.01 million(Previous Year Rs.2906.17 million) on account of net exchange fluctuations during the year.
2. Leasehold land includes land in respect of few of the projects for which lease deed is pending.
3. Depreciation for the year includes Rs. 9523 million (including on process platform - refer note 3 of Schedule 28) pertaining to prior period.

SCHEDULE - 7

(Rupees in millions)

CAPITAL WORKS IN PROGRESS	As at 31st March, 2000	As at 31st March, 1999
Buildings	323.36	469.26
Plant and Machinery	4,385.01	4,191.34
Advances for Capital Works and Progress Payments	5,048.33	12,022.93
TOTAL	9,756.70	16,683.53

SCHEDULE - 8

PRODUCING PROPERTIES		
Gross		
Opening Balance	264,507.34	238,234.74
Expenditure during the year	24,293.96	24,038.05
Transfer from exploratory wells in progress	1,705.48	2,320.98
Transfer/other adjustments	(1,419.59)	(86.43)
Total (Gross)	289,087.19	264,507.34
Less: Written Off : Depletion		
Opening Balance	114,554.33	99,300.79
During the Year	14,099.27	15,260.13
Transfer from exploratory wells in progress /other adjustments	(265.28)	(6.59)
Total Depletion	128,388.32	114,554.33
NET PRODUCING PROPERTIES	160,698.87	149,953.01

SCHEDULE - 9

(Rupees in millions)

		As at 31st March, 2000		As at 31st March, 1999
EXPLORATORY WELLS IN PROGRESS				
Gross				
Opening Balance		12,395.25		9,878.77
Expenditure during the year	11,312.56		10,645.21	
Less : Sale proceeds of Oil and Gas	258.12	11,054.44	75.27	10,569.94
		23,449.69		20,448.71
Less :				
Transfer to Producing Properties		1,706.05		2,320.98
Wells written off during the year		7,525.09		5,763.84
Other adjustments		(41.84)		(31.36)
		9,189.30		8,053.46
Total (Gross)		14,260.39		12,395.25
Less : Amortisation				
Opening Balance		11.00		11.00
Transfers to Producing Properties		(0.57)		0.00
Written off during the year		(3.36)		0.00
		7.07		11.00
NET EXPLORATORY WELLS IN PROGRESS		14,253.32		12,384.25

SCHEDULE - 10

(Rupees in millions)

	No. of Shares/ Bonds/Units	Face Value per Share/ Bond/Unit (in Rupees)	As at 31st March, 2000	As at 31st March, 1999
INVESTMENTS				
LONG-TERM INVESTMENTS (FULLY PAID UP)				
A. TRADE INVESTMENTS				
1. Equity Shares (Unquoted)-At Cost				
i) Pawan Hans Limited	24,500	10,000	**245.00**	245.00
ii) Management and Technology Applications (India) Limited	16,333	10	**0.16**	0.16
iii) Petronet LNG Limited	25 (0)	10	**#**	0.00
2. Equity Shares (Quoted)-At Cost				
i) Indian Oil Corporation Limited (Including 35484365 bonus shares)	70,968,730 (0)	10	**13,720.49**	0.00
ii) Gas Authority of India Limited	40,839,549 (0)	10	**2,451.06**	0.00
3. Investment in Capital of a Partnership firm - Petroleum India International (Note 1)			**0.50**	0.50
4. 10.5% Oil Companies(Non-Transferable) Government of India Special Bonds 2005*	1	3,850,000,000 (20,890,000,000)	**3,850.00**	20,890.00
TOTAL TRADE INVESTMENTS			**20,267.21**	21,135.66
B. NON-TRADE INVESTMENTS				
1. Equity Shares (Unquoted)-At Cost				
In wholly owned subsidiary ONGC-Videsh Ltd.	20,000,000 (10,000,000)	100	**2,000.00**	1,000.00
			2,000.00	1,000.00
2. 12% UP State Development Loan-2011 -At cost (Quoted)	1	500,000	**0.50**	0.50
			0.50	0.50
3. Bonds of Public Sector Undertakings 9% Tax free bonds				
I). UNQUOTED -At cost or Face Value whichever is lower				
SCICI Ltd.(Series 2) (Since merged with ICICI Ltd.)	33,950	10,000	**339.50**	339.50
			339.50	339.50
II. QUOTED -At cost or Face Value whichever is lower				
i) National Thermal Power Corporation Ltd. (Note 2)	0 (1,070,000)	1,000	**0.00**	1,064.93
ii) Indian Railway Finance Corporation Ltd. (Note 3)	0 (2,628,690)	1,000	**0.00**	2,624.45

(Rupees in millions)

	No. of Shares/ Bonds/Units	Face Value per Share/ Bond/Unit (In Rupees)	As at 31st March, 2000	As at 31st March, 1999
iii) Rural Electrification Corporation Ltd. (Note 4)	0 (30)	5,000,000	**0.00**	149.63
iv) Power Finance Corporation Ltd.(Series 4)	25	10,000,000	**250.00**	250.00
v) National Hydroelectric Power Corporation Ltd. (Note 5)	0 (550,000)	1,000	**0.00**	550.00
			250.00	4,639.01
4. Others (Unquoted)				
ONGC Employees' Consumer Co-operative Society			**0.01**	0.01
			0.01	0.01
TOTAL NON TRADE INVESTMENTS			**2,590.01**	5,979.02
GRAND TOTAL			**22,857.22**	**27,114.68**
Total quoted investments			**16,422.05**	4,639.01
Total unquoted investments			**6,435.17**	22,475.67
			22,857.22	27,114.68
Total Market value of Quoted Investments			**16,166.29**	4,645.44

Notes :

1. Details of investment in a partnership firm

Names of Partners	Share (%)	Capital (Rs.)
i) Bharat Petroleum Corpn. Ltd.	10	500,000
ii) Bongaigoan Refinery and Petrochemicals Ltd.	10	500,000
iii) Cochin Refineries Ltd.	10	500,000
iv) Engineers India Ltd.	10	500,000
v) Hindustan Petroleum Corpn. Ltd.	10	500,000
vi) IBP Co. Ltd.	10	500,000
vii) Indian Oil Corpn. Ltd.	10	500,000
viii) Indian Petrochemicals Corpn. Ltd.	10	500,000
ix) Madras Refineries Ltd.	10	500,000
x) Oil and Natural Gas Corporation Ltd.	10	500,000
		5,000,000

2. Redeemed during the year 1070000 bonds of the book value Rs.1,064.93 Million
3. Redeemed during the year 2628690 bonds of the book value Rs.2,624.45 Million
4. Redeemed during the year 30 bonds of the book value Rs.149.63 Million
5. Redeemed during the year 550000 bonds of the book value Rs.550.00 Million
6. Figures in the ( ) represent the figures of previous year

* Refer note 2(i) in Schedule 28 of Notes to the Accounts

\# Rs. 250.00

SCHEDULE - 11

(Rupees in millions)

	As at 31st March, 2000	As at 31st March, 1999
INVENTORIES		
(As verified and valued by the Management)		
Stock-in-trade-Finished Goods	869.22	717.16
(Lower of cost and net realisable value)		
Stores and spare parts (at cost)		
-on hand	11,027.10	11,679.08
-in transit (including inter-project transfers)	1,826.04	1,569.27
Capital Stores (at cost)		
-on hand	1,393.22	1,366.25
-in transit	440.00	272.41
Unserviceable scrap	93.29	113.36
(at estimated realisable value)		
TOTAL	15,648.87	15,717.53

SCHEDULE - 12

SUNDRY DEBTORS		
(Unsecured)		
More than six months :		
Considered good	1,248.40	994.29
Considered doubtful	522.01	670.18
Other debts :		
Considered good	15,997.05	10,091.25
	17,767.46	11,755.72
Less : Provision for doubtful debts	522.01	670.18
TOTAL	17,245.45	11,085.54

SCHEDULE - 13

	As at 31st March, 2000	As at 31st March, 1999
		(Rupees in millions)
CASH AND BANK BALANCES		
Cash on hand	51.22	78.67
Remittances in transit	30.00	20.62
Balances with Scheduled Banks:		
On current account	555.83	189.19
On deposit accounts towards margin money against guarantees issued	603.01	852.48
On deposit accounts	32,229.02	17,715.73
Balances with non-scheduled banks:		
On current accounts with Texas Commerce Bank National Association(Maximum balance during the year Rs.1.39 million. Previous year Rs.0.83 million)	1.39	0.83
On current accounts with Commerz Bank - Frankfurt (Maximum balance during the year Rs.9.77 million. Previous year Rs.9.77 million)	9.00	9.77
On deposit accounts with Texas Commerce Bank National Association(Maximum balance during the year Rs.92.49 million. Previous year Rs.92.49 million)	74.37	92.49
TOTAL	33,553.84	18,959.78

SCHEDULE - 14

(Rupees in millions)

		As at 31st March, 2000		As at 31st March, 1999
LOANS AND ADVANCES				
Loans to Public Sector Undertakings		409.50		409.50
Advances against Long Term Investments				
-For Petronet LNG Ltd.-Shares		275.00		75.00
-For PSU Shares paid to Government of India		0.00		14,540.00
Loans and advances to employees		5,885.24		6,437.97
Advances recoverable in cash or in kind or for value to be received		3,842.37		3,458.65
Recoverable from Oil Coordination Committee		1,438.94		6.05
Insurance Claims		3,216.81		1,717.24
Receivable from Subsidiary		41.31		39.30
Deposits:				
a) With Customs/Port Trusts etc.		651.84		259.48
b) With Financial Institutions		24,620.00		13,293.51
c) Others		814.94		1,015.36
		41,195.95		41,252.06
Less : Claims/advances considered doubtful and provided for		1,560.90		941.82
		39,635.05		40,310.24
Income Tax :				
Advance payment of Income Tax	57,545.93		32,453.66	
Less: Provision	49,313.26	8,232.67	26,266.00	6,187.66
(Including provision for wealth tax Rs. 19.58 million Previous Year Rs. 21.20 million)				
TOTAL		47,867.72		46,497.90
Particulars of loans and advances:				
Secured		4,416.82		3,770.81
Unsecured -Considered good		43,450.90		42,727.09
-Considered doubtful		1,560.90		941.82
		49,428.62		47,439.72
Less : Considered doubtful and provided for		1,560.90		941.82
TOTAL		47,867.72		46,497.90

Loans to employees include an amount of Rs 0.02 million(Previous Year Rs. 0.06 million) outstanding from whole time Directors. Maximum amount outstanding during the year Rs. 0.06 million (Previous Year Rs. 0.13 million).

SCHEDULE - 15

(Rupees in millions)

		As at 31st March, 2000	As at 31st March, 1999
OTHER CURRENT ASSETS			
Unsecured, Considered good unless otherwise stated			
Interest Accrued			
- On Investments		50.62	369.30
- On Others		4,408.31	3,461.53
Repair Jobs-in-progress-at cost		120.01	60.46
Other accounts			
-Considered good	24.32		33.20
-Considered doubtful	331.52		252.48
	355.84		285.68
Less: Provisions	331.52		252.48
		24.32	33.20
TOTAL		4,603.26	3,924.49

SCHEDULE - 16

	As at 31st March, 2000	As at 31st March, 1999
CURRENT LIABILITIES		
Sundry Creditors for Supplies / Works		
- Small Scale Industries	2.09	1.16
- Other than Small Scale Industries	4,277.64	3,187.81
Liability for Royalty/Cess/Sales tax etc.	6,217.70	4,620.36
Liability for Oil Bonds / On account payments from OCC	3,290.64	15,902.50
Deposits	1,691.92	1,672.81
Other Liabilities	17,594.92	11,726.85
Unclaimed Dividend	11.98	7.62
Interest accrued but not due on loans	1,084.75	3,104.07
TOTAL	34,171.64	40,223.18

SCHEDULE - 17

(Rupees in millions)

	As at 31st March, 2000	As at 31st March, 1999
PROVISIONS		
Gratuity	2,287.71	2,166.90
Leave Encashment	1,064.31	829.18
Interim Dividend	5,703.74	0.00
Proposed Final Dividend	3,564.83	7,842.63
Tax on Interim Dividend	627.41	0.00
Tax on Proposed Final Dividend	784.27	862.69
Provision against Non-Moving Inventories etc. (See note 5 of Schedule 28)	2,065.41	1,297.37
Provision for Abandonment (See note 4(f) of Schedule 28)	1,895.70	0.00
TOTAL	17,993.38	12,998.77

SCHEDULE - 18

MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)		
Deferred Revenue Expenditure	734.13	776.42
TOTAL	734.13	776.42

SCHEDULE - 19

(Rupees in millions)

		1999-2000	1998-1999
SALES			
Sales	191,681.32		144,203.35
Less : Sales out of Exploratory Wells in Progress	258.12		72.55
		191,423.20	144,130.80
Less : Adventitious gain surrendered		(2.93)	47.60
		191,426.13	144,083.20
Add : Price Revision Arrears		8,400.10	3,408.84
TOTAL		199,826.23	147,492.04

SCHEDULE - 20

		1999-2000		1998-1999
				(Rupees in millions)
OTHER INCOME				
Contractual Short Lifted Gas Receipts	112.32		208.58	
Less: Transferred to exploratory wells in progress	0.00	112.32	2.72	205.86
Reimbursement received from Govt. of India towards under recovery of production cost etc.		32.00		214.85
Other Contractual Receipts		1,194.86		919.09
Miscellaneous Receipts		838.34		38.92
Interest Income on :				
Deposits with Banks/Financial Institutions	5,061.48		3,806.69	
Long Term Investments	1,383.61		3,934.99	
Loans and Advances to Employees	213.47		206.56	
Other Loans and Advances	116.20		164.65	
Income Tax Refund	102.87		300.36	
		6,877.63		8,413.25
Dividend on Trade Investments		852.63		10.61
Share of profit on investment in Partnership Firm		14.00		8.45
Gain on maturity of Long Term Investments		9.69		72.75
Other Receipts	628.06		734.57	
Less : Adjusted against overheads in note 21 of Schedule 28	(628.06)		(734.57)	
		0.00		0.00
TOTAL		**9,931.47**		**9,883.78**

SCHEDULE - 21

	1999-2000	1998-1999
INCREASE IN STOCKS (Finished Goods)		
Closing Stock	869.22	717.16
Opening Stock	717.16	715.30
NET INCREASE IN STOCK	152.06	1.86

SCHEDULE - 22

(Rupees in millions)

	1999-2000	1998-1999
PRODUCTION, TRANSPORTATION, SELLING AND DISTRIBUTION EXPENDITURE ETC.		
Royalty	21,078.27	17,699.44
Cess	21,176.98	22,189.68
Excise Duty	2,322.58	1,555.17
Sales Tax	6,452.92	4,670.61
Octroi and Port Trust Charges	621.57	561.50
Staff Expenditure	6,307.39	2,671.99
Provision for Gratuity	694.13	743.53
Workover Operations	6,074.09	4,277.41
Water Injection, Desalting and Demulsification	1,502.59	2,063.15
Consumption of Stores and Spares	2,006.93	2,024.73
Pollution Control	1,206.28	1,503.28
Transport Expenses	1,675.79	1,449.72
Insurance	325.39	291.19
Power and Fuel	1,191.90	1,150.11
Repairs and Maintenance	3,955.50	1,241.29
Contractual payments including Hire charges etc.	2,182.78	1,675.73
Other Production Expenditure	1,868.28	2,716.78
Transportation and Freight	5,726.70	3,653.89
Research and Development	655.04	487.73
Other Expenditure including Overheads (Net)	10,288.56	4,027.51
TOTAL	**97,313.67**	**76,654.44**

Note : The above expenses have been reclassified in accordance with Part II of Schedule VI to the Companies Act, 1956 and exhibited in note 21 of Schedule 28.

SCHEDULE - 23

(Rupees in millions)

		1999-2000		1998-1999
RECOUPED COSTS				
Survey		4,678.50		3,939.16
Dry Wells		7,521.73		5,763.84
Depletion		14,099.27		15,260.13
Depreciation	34,271.63		23,553.95	
(Refer Note 3 of Schedule 28)				
Less : Allocated to :				
Survey	375.62		346.77	
Exploratory Drilling	1,708.45		1,598.30	
Development	15,932.96		14,597.41	
Others	31.21		56.55	
		16,223.39		6,954.92
TOTAL		42,522.89		31,918.05

SCHEDULE - 24

INTEREST AND EXCHANGE FLUCTUATION

	1999-2000	1998-1999
A. INTEREST ON :		
i) Fixed Loans		
Loans from Government of India/Banks etc.	194.71	577.32
Foreign Loans/Deferred Credits	4,254.36	5,033.28
Guarantee and Commitment Fees	534.80	527.08
ii) Others		
Cash Credit Advances	11.53	7.97
Others	1,007.77	2,158.35
Sub-Total	6,003.17	8,304.00
B. EXCHANGE FLUCTUATION		
Exchange Variation for the Year .		
Gross	5,360.40	8,806.43
Less: Capitalised	1,818.01	2,906.17
Sub-Total	3,542.39	5,900.26
TOTAL	9,545.56	14,204.26

SCHEDULE - 25

(Rupees in millions)

PROVISIONS AND WRITE-OFFS	1999-2000	1998-1999
Provision for Doubtful Debts	72.07	190.82
Provision for Doubtful Claims/Advances	696.23	280.81
Loss on disposal/condemnation of fixed assets (Net)	10.34	10.13
Claims / Advances Written Off	32.44	225.87
Inventories Written Off	98.57	111.91
Provision against Non-Moving Inventories etc.	739.02	552.90
Excess Provisions/Liabilities Written Back	(1,258.28)	(444.75)
Provision for Abandonment (See note 4(f) of Schedule 28)	1,895.70	0.00
TOTAL	2,286.09	927.69

SCHEDULE - 26

ADJUSTMENTS RELATING TO PRIOR PERIOD (NET)	1999-2000	1998-1999
Statutory levies*	(60.27)	(0.28)
Other production expenditure*	77.37	40.34
Exchange Variation	0.00	12.06
Interest	0.25	37.79
Total Debit	17.35	89.91
Write back of Excess Liability	0.00	20.65
Depletion	0.00	6.59
Sales	(29.24)	0.00
Total Credit	(29.24)	27.24
Net Debit	46.59	62.67

* These have been reclassified in accordance with Part II of Schedule VI of the Companies Act,1956 and exhibited in note 21 of Schedule 28.

SCHEDULE - 27

SIGNIFICANT ACCOUNTING POLICIES

1. **Accounting Convention:**

   The financial statements are prepared under the historical cost convention. Generally, revenues are recognised on accrual basis with provision made for known losses and expenses.

2. **Exploration and Development Costs:**

   The Corporation generally follows the "Successful Efforts Method" of accounting for oil and gas exploration and production activities as explained below:

   (i) Survey Costs are expensed in the year in which these are incurred.

   (ii) Cost of successful/undecided exploratory wells(except undecided for more than five years) is carried as wells in progress till the time producing property is created or is expensed in the year when determined to be dry.

   (iii) All wells appearing as "wells in progress" the status of which remains undecided for more than five years are charged to Profit and Loss Account.

   (iv) Producing properties are created in respect of areas when commercial production commences.

   (v) Cost of temporary occupation of land, successful exploratory wells, development wells and all related development costs including depreciation on support equipment and facilities are capitalised and reflected as producing properties.

   (vi) Producing properties are depleted using the "Unit of Production Method". The rate of depletion is computed with reference to the area covered by individual lease/licence/amortization base by considering the developed hydrocarbon reserves and related capital cost incurred. Hydrocarbon reserves are estimated annually by the Reserve Estimates Committee of the Corporation which follows the International Reservoir Engineering Procedures.

   (vii) Project, Regional and Headquarters overheads are charged to Profit and Loss Account.

3. **Impairment:**

   Impairment loss is determined on a global basis and adjusted for in the carrying cost of producing properties.

4. **Abandonment Costs:**

   (i) Costs relating to dismantling, abandoning and restoring offshore well sites, which are likely to be abandoned during next fifteen years is provided equally over the remaining useful life of such properties, based on the latest technical assessment available with the Corporation.

   (ii) Costs relating to dismantling, abandoning and restoring onshore well sites are accounted for in the year in which such costs are incurred.

5. **Joint Ventures:**

   The Corporation has entered into Joint Ventures in the nature of Production Sharing Agreements with the Government of India and various bodies corporate for development and production activities.

   (i) The financial statements reflect the share of the Corporation's assets and liabilities as well as income and expenditure of Joint Venture Operations which are accounted for according to the participating interest of the Corporation as per the various Joint Venture Agreements on a line by line basis alongwith similar items in the Corporation's financial statements.

(ii) Past cost compensation and consideration for the right to commence operations received from other Joint Venture Partners are reduced from capitalised costs. The uncompensated cost continues in the Corporation's books as producing property/exploratory wells in progress. Adjustment is made to the uncompensated cost for impairment, if any, on the basis of annual ceiling test (without discounting).

(iii) The reserves of hydrocarbons in such areas are taken in proportion to the participating interest of the Corporation.

6. Fixed Assets:

(i) Fixed assets are recorded at historical cost. Fixed assets received as donations/gifts are capitalised at assessed values with corresponding credit taken to Capital Reserve.

(ii) Financing charges relating to loans taken for acquisition of fixed assets till the time of commissioning of such assets are capitalised.

7. Depreciation:

(i) Depreciation on fixed assets is provided on the written down value method in accordance with Schedule XIV to the Companies Act, 1956, with respect to the month of addition/deletion except on fixed assets with 100% rate of depreciation which are fully depreciated in the year of addition.

(ii) Leasehold land is amortised over the lease period.

(iii) Depreciation on adjustment to fixed assets on account of exchange differences is provided prospectively over the remaining useful life of such asset.

(iv) Depreciation on fixed assets connected with exploration and drilling activities and on facilities is initially capitalised as part of exploration or development costs and amortized/depleted as stated in Policy 2 above.

8. Inventories:

(i) Crude Oil in saleable condition, Liquefied Petroleum Gas, Natural Gasoline, Ethane-Propane, ARN, SKO and Heavy Cut stocks in pipelines/tanks are valued at cost or net realisable value whichever is lower. Sulphur is valued at net realisable value. The value of inventories include excise duty wherever applicable.

(ii) Natural gas in pipeline and crude stock in flow lines and GGS is not valued as per the consistent policy.

(iii) Inventory of stores and spare parts is valued at Weighted Average Cost Method.

(iv) Capital items are valued at cost of acquisition.

(v) Unserviceable items, when determined are valued at estimated realisable value.

9. Investments:

(i) Long-term investments (except PSU Bonds) are valued at cost. Provision is made for any permanent diminution in the value of such investments.

(ii) PSU Bonds are valued at lower of cost and face value. Diminution in their value with reference to the market value is not recognised since they are intended to be held till maturity.

10. Foreign Currency Translations: .

(i) Foreign exchange transactions relating to purchase of fixed assets, goods and services are accounted for at the exchange rates ruling on the date of transaction.

(ii) Foreign Currency loans/deferred credits outstanding at the end of the year and bank balances held abroad are translated at the mean exchange rate prevailing on the last day of the financial year. Losses or gains relating to the loans/deferred credits utilised for acquisition of fixed assets are adjusted to the carrying cost of the relevant assets. Losses or gains due to exchange fluctuations relating to other loans/deferred credits are considered in the Profit and Loss Account.

11. Revenue Recognition:

(i) Revenue from sale of products is recognised on transfer of custody to refineries/other customers.

(ii) Sale of crude oil and gas produced from exploratory wells in progress in exploratory areas is deducted from expenditure on such wells.

(iii) Sales are at prices fixed by the Central Government from time to time and are inclusive of all statutory levies. Any retrospective revision in administered prices is accounted for in the year of such revision.

(iv) Revenue in respect of the following is recognised when there is reasonable certainty regarding ultimate collection, generally when received :

(a) Short lifted quantity of gas
(b) Gas pipeline transportation charges and statutory duties thereon
(c) Re-imbursable subsidies and grants

(v) Income from Investments is accounted for on accrual basis.

12. Retirement Benefits:

(i) Contribution to Provident Fund is made as per the rules of the Corporation.

(ii) Provisions for gratuity and leave encashment are made as per actuarial valuation basis as at the end of the financial year. These are not funded.

13. Insurance:

Insurance claims are not accounted on intimation to insurer except in the case of total loss of insured asset. Expenditure incurred to put an asset back to use, less policy deductibles, if any, is accounted as recoverable from the Insurer and such policy deductibles are expensed in the year, they are incurred.

14. Research and Development:

Capital expenditure on Research and Development is capitalised under various fixed assets. Revenue expenses are absorbed when incurred.

15. Rig Days Costs:

Rig days costs are normally booked to the next location planned for drilling except abnormal idle rig days costs which are charged to Profit and Loss Account.

16. Miscellaneous Expenditure:

Deferred Revenue Expenditure is amortised over a period of three to five years.

SCHEDULE -28

NOTES TO THE ACCOUNTS

1. (a)(i) In the previous year Government of India (GOI) had dismantled Administered Pricing Mechanism (APM) in respect of crude oil and introduced Market Driven Pricing Mechanism (MDPM) in a phased manner with effect from 01.04.1998 terminating at the year ending 31.03.2002. Under the MDPM, the price receivable by the oil producers will be increased during the transition period to international levels by paying a pre-announced increasing percentage of weighted average Free On Board (FOB) price of actual imports of crude oil. The applicable percentage for the year 1999-2000 is 77.5% (previous year 75%). During the transition period such level shall be subject to an upper ceiling of Rs.5570 per MT (inclusive of Royalty and Cess) till further orders of GOI. The price fixed is inclusive of Royalty and Cess, but exclusive of State levies. Adjustments for American Petroleum Institute (API) gravity variations had been dispensed with. Since 1997-98 the floor price of crude oil is Rs.3469 per MT.

   (a)(ii) During the year Oil Coordination Committee (OCC) has communicated revision in the basic price of crude oil for the period from 01.04.1993 to 31.03.1996 on an "on account basis". The arrears based on such revision for the said period amounting to Rs.5544.07 million have been accounted for under "Price Revision Arrears" (Refer Schedule 19).

   (b)(i) During the year, OCC has communicated the final retention price of LPG and NGL, Ex-Uran with effect from 01.04.1996 to 31.03.1998. The arrears for the said period amounting to Rs.508.79 million have been accounted under "Price Revision Arrears" (Refer Schedule 19).

   (b)(ii) During the year, OCC has communicated provisional revision in the retention price of LPG, NGL in respect of Ex-Hazira and Uran extraction plants from 01.04.1993 to 31.03.1996. The arrears for the years 1996-97 to 1997-98 have been accounted at 1996 prices. The arrears for the period from 01.04.1993 to 31.03.1998 amounting to Rs.686.47 million have been accounted for under "Price Revision Arrears" (Refer Schedule 19).

   (c) Effective from 01.10.1997, consumer price of natural gas at landfall point was linked to a percentage of the international price of selected basket of fuel oils. The producer price (which is derived from consumer price) as well as consumer price is presently determined and notified by Gas Authority of India Limited, with the approval of the Ministry of Petroleum and Natural Gas for every quarter depending upon the average price of the basket of fuel oils. Further, the price of gas has been linked to a calorific value of 10000 kilo calories/cu. meters. Proportionate discount/premium is to be allowed/charged for the gas supplies, which are below/above the limit of 10000 kilo calories/cu. meters.

   (d) During the year, OCC has communicated the revised crude oil pipeline transportation charges in respect of Eastern and Southern Regions for the years 1996-97 and 1997-98. The pipeline revenue for the years 1998-99 and 1999-2000 in respect of these regions has been accounted for based on 1997-98 rates. The arrears on such account for the period upto 31.03.1999 amounting to Rs. 67.61 million have been accounted for under "Pipeline Transportation Receipts".

   (e) During the year, GOI has revised the price of Ethane-Propane (C2-C3) for the period from 01.04.1996 to 31.03.1999 from Rs. 3300 per MT to Rs. 4000 per MT. Pursuant to such revision, the arrears amounting to Rs. 1366.54 million have been accounted under "Price Revision Arrears" (Refer Schedule 19). The price of C2-C3 from 1999-2000 onwards shall be based on working prescribed by GOI.

   (f) During the year, GOI has communicated the reimbursement of Sales tax on Transportation and Bombay Port Trust Charges for the period from 16th September 1992 to 31st March 1996. Arrears on such account amounting to Rs. 97.62 million towards the Sales tax on Transportation have been included under

"Pipeline Revenue" and Sales tax on Bombay Port Trust Charges amounting to Rs. 36.35 million have been included in "Price Revision Arrears" (Refer Schedule 19).

(g) During the year, Government has communicated the reimbursement of Bombay Port Trust Charges paid by ONGC. An amount of Rs.230.29 million received on such account has been accounted under "Price Revision Arrears" (Refer Schedule 19).

2. (i) The Government of India had issued "10.5% Oil Companies (Non-transferable) Government of India Special Bonds-2005" amounting to Rs.31220 million in terms of Notification No. F.4(19)-W&M/97 dated 27.02.1998 to the Corporation in lieu of the estimated outstanding claims from OCC under the Administered Pricing Mechanism. The above sum includes Rs.18201.23 million on account of claims of the Corporation for price revision including interest thereon. The balance amount of Rs.13018.77 million was shown under current liability as on 31.03.1998. Till 31.03.2000, bonds amounting to Rs.27370 million have been redeemed on the basis of sanctions conveyed by the Ministry of Finance from time to time. The balance amount of the bonds amounting to Rs. 3850 million is shown under the head "Investments" as on 31.03.2000.

(ii) Out of the liabilities of Rs.13018.77 million as on 31.03.1998, Rs. 8506.30 million (including interest) being the excess value of bonds received in earlier years has been adjusted against the redemption of bonds during the year and Rs.4474.07 million represents income till 31st March, 2000. Balance amount of Rs.38.40 million included in Liabilities for Oil Bonds/On Account payments from OCC under "Current Liabilities" in Schedule–16.

3. The Corporation has, during the year, changed the rate of providing depreciation on offshore process platforms from 15.33% to 30%. The depreciation at such revised rates has been recomputed from 1.2.1994 being the date on which the Oil & Natural Gas Commission under the Ministry of Petroleum was vested in the Company. The rate of depreciation was revised based on clarifications given by Department of Company Affairs, Government of India during the year, consequent to the matter being referred to them due to difference of opinion on the said matter.

Consequent upon aforesaid revision in the rates of depreciation –

a) Depreciation for the current year under Schedule-23 – Recouped Costs is higher by Rs.10660 million including arrears of depreciation for the period from 1.2.94 to 31.3.99 amounting to Rs.9414 million.

b) Fixed Assets and Profit for the year are lower by Rs.10660 million and Rs.6191.95 million, respectively.

4. Changes in the Accounting Policies :

(a) In order to comply with requirement of mandatory Accounting Standard (AS-2) (revised) on valuation of inventories issued by The Institute of Chartered Accountants of India, the Corporation has valued the inventories of stores and spares at Weighted Average Cost Method as against LIFO Method followed in the earlier years. This has resulted in increase in inventories by Rs.83.64 million and profit for the year by Rs.16.68 million.

(b) To be in line with the revised guidance note on "Accounting treatment for excise duty for valuation of finished goods", issued by The Institute of Chartered Accountants of India, the Corporation from current year has included excise duty in the valuation of finished goods lying in the factory or in the bonded warehouse as at 31st March, 2000, as against accounting for excise duty on clearance of such goods. This has resulted in the increase in the value of inventories by Rs.27.07 million. However, it has no impact on the profit for the year.

(c) To be in line with the practice generally followed by Oil and Gas Exploration and Production Companies, the project overheads (including contribution to Provident Fund, Contribution to Social Security Scheme and compensation made to Voluntary Retirement Scheme) which were hitherto allocated to activities

like survey, exploratory drilling, development drilling, production, transportation etc. are charged to the Profit and Loss Account during the year. This has resulted in reduction of profit for the year by Rs.1742.46 million.

(d) Till the year 1998-99, all the undecided exploratory wells were carried over as wells in progress in the accounts. During the year, this policy has been reviewed. Accordingly, wells in progress, the status of which remains undecided for more than five years amounting to Rs.808.92 million have been charged to Profit and Loss Account. This has resulted in reduction of profit by an equal amount.

(e) Unlike the earlier years where all associate cost of a rig which was booked as the cost of next well location planned for drilling, during the year the Corporation has identified abnormal idle rig days cost amounting to Rs.845.77 million which has been charged to the Profit and Loss Account.

(f) During the year, the Corporation has decided to provide for the cost relating to dismantling, abandoning and restoring offshore well sites, which are likely to be abandoned during the next 15 years, over the remaining useful life of such properties based on the latest technical assessment available with the Corporation as against the policy till the last year of charging such cost as and when incurred. This has resulted in a provision of Rs.1895.70 million and reduction in the profit by an equal amount.

5. Inventories include stores and spare parts and capital stores amounting to Rs. 2521.80 million and Rs. 653.58 million respectively (Previous year Rs. 2389.81 million and Rs.432.87 million respectively) which has not moved for two years. A provision is being made against such items over a period of 5 years. Accordingly, an aggregate provision of Rs. 2065.41 million (Previous year Rs. 1297.37 million) has been made.

6. As mentioned in the Accounting Policy No. 2 and 7, depreciation on fixed assets for the year amounting to Rs. 18048.24 million (Previous year Rs.16599.03 million) has been allocated to survey, exploratory wells in progress and producing properties etc., which is amortised/depleted alongwith the other expenses and this amount is not taken into consideration for the purpose of Section 205 of the Companies Act, 1956 in relation to the proposed dividend for the year. Exemption for the year 1998-99 was granted by the Department of Company Affairs and a similar exemption for the year 1999-2000 has been applied for.

7. Exploratory Wells include Wells in Progress valued at Rs.11491.09 million, which are hydrocarbon bearing and/or offered for bidding but could not be exploited due to various reasons such as insufficient infrastructure, lack of demand etc. A continuous review of such wells is carried out to determine the development of the area. Pending further development these wells are carried forward as Wells in Progress.

8. In accordance with the accounting policy on impairment, no provision is considered necessary for the impairment to the carrying cost of producing properties taking into account the global position of oil and gas reserves.

9. Joint Venture Accounting:

(a) The Corporation has entered into production sharing contracts in respect of certain properties with the Government of India and some bodies corporate in which it has a participating interest of 40% except in respect of Cambay where such interest is 10% and GK-OSJ-1 where such interest is 25%. These Joint Ventures are:

i) Ravva joint venture
ii) Mukta/Panna joint venture
iii) Mid/South Tapti joint venture
iv) PY-3 joint venture
v) Cambay (CB-OS-1) and Cambay (CB-OS-2)
vi) GK-OSJ-1

(b) The Corporation's share of the assets and the liabilities as at March 31, 2000 and the income and the expenditure for the year in respect of joint venture projects as furnished by the joint venture operators has been incorporated in the Corporation's books as follows:

		(One audited Five unaudited) Rs. millions (1999-2000)	(Two audited Four unaudited) Rs. millions (1998-99)
A	Assets		
	Long Term Assets	**18289.96**	17686.43
	Current Assets	**3483.47**	2866.12
		21773.43	20552.55
B	Liabilities		
	Current Liabilities	**1516.48**	1431.20
C	Income	**16141.52**	8254.40
D	Expenditure	**6928.34**	5465.74
E	Contingent Liabilities	**14.14**	2465.97

(c) In respect of PY-3, the Corporation is paying entire cess and royalty being the licensee as per production sharing contract though it has a participating interest of 40%. Total amount of cess and royalty charged to accounts is Rs. 401.54 million during 1999-2000 (Previous year Rs. 538.60 million).

(d) In respect of Ravva JV, a sum of Rs. 782.80 million has been accounted for as other income towards production bonus.

(e) During the year price revision arrears of Ravva JV for the period 1996-99 amounting to Rs.27.60 million has been included in "Price Revision Arrears" (Refer Schedule-19).

(f) Fixed Assets in respect of Ravva JV includes cost of SPM (Single Point Mooring) which failed during August 1998. Joint Venture has filed a warranty claim with the Contractor. The process of "Mediation" is being used to settle the issue. The Corporation has also separately filed an Insurance claim against the failure of the SPM which is being examined by the Insurers. Pending final settlement of these claims, the WDV of the SPM continues to be shown under fixed assets. Details are as under :

	(Rs. in millions)
Cost of SPM (Gross)	128.288
WDV as on 31.3.2000	68.918
Accumulated Depreciation	59.370

g) In respect of Ravva JV, revenue for crude sale is recognised based on the price awarded by the Arbitrator. The arbitration is between Government of India and Ravva Joint Venture partners (other than the Corporation) over the crude price payable for Ravva crude from August, 1996. As per the award, Government of india is to pay for Ravva Crude at average of Tapis and Minas minus sixty cents and this rate is applicable from August, 1996. The amount for price difference from August 1996 to March, 2000 is (-) Rs.47.40 million.

h) In the year 1998-99, where unaudited figures were incorporated, necessary adjustments have been carried out with reference to the audited figures of 1998-99 in the current year.

10. The Corporation is a member of Petroleum India International (PII) for providing technical expertise in India and abroad in the areas connected with operation and maintenance of petroleum refineries, petroleum plants etc., on a turnkey basis. The unaudited profit of Rs. 14 million (Previous year Rs.8.45 million) on this activity has been accounted for in the current year. Contribution towards seed capital of Rs.0.50 million has been shown under Investments.

11. Materials-in-transit, capital items-in-transit and fixed assets-in-transit include Rs.191.70 million, Rs.37.63 million and Rs.129.26 million respectively (Previous year Rs.160.84 million, Rs.70.27 million and Rs.23.01 million respectively) pending adjustment for over one year. The same is under continuous review by the management. Appropriate accounting adjustment are being carried out based on the results of such review.

12. In respect of the following overdue amounts (including interest thereon upto 31.03.99) the management is of the opinion that the amounts are realisable. The amount in respect of sundry debtors and loans and advances is mainly due from public sector undertakings. The other current assets includes amount in respect of cases under investigation/reconciliation which have not yet been decided by the investigating agencies. The adjustment in respect of these matters will be carried out based on the outcome thereof.

	1999-2000	1998-99
	Rs. millions	Rs. millions
Sundry Debtors	**1248.40**	994.29
Loans and Advances including interest accrued	**730.03**	1273.11
Other Current Assets	**24.32**	33.20

13. Capital Work in Progress (CWIP) includes Rs. 476.90 million towards installation of Single Buoy Mooring System (SBM) which has remained incomplete since October, 1989. This project was to be completed through a Joint Venture comprising of ONGC, IOCL, BPCL and HPCL with ONGC taking a lead role for handling of petrol, oil and lubricant products. An amount of Rs. 81.70 million which was received from IOC in 1997 towards proposed venture is included under current liabilities. It has now been proposed to shelve and dispose off the equipment on "as is where is basis".

14. The Corporation is in the process of reconciling the following accounts. Adjustments required in the books of account, the amount of which is currently unascertainable, will be carried out in due course.

(a) Physical inventory of stores and spare parts and stores ledger and general ledger balances.

(b) Physical inventory of fixed assets with the asset register and corresponding general ledger balances.

The Company has perpetual verification system where all the stocks, fixed assets and capital stores are verified at regular intervals and accounting adjustments are carried out after examination of these differences.

(c) Certain sub-ledger accounts including advances to suppliers and employees with control accounts and general ledger balances.

15. Separate records of consumption of imported and indigenous spare parts have not been maintained in some of the projects/offices. Information pursuant to Part II of Schedule VI to the Companies Act, 1956 has been arrived at on the basis of purchases made during the year.

16. Deferred Revenue Expenditure includes the expenses incurred on dry docking charges, expenditure not represented by capital assets and unallocated expenditure amounting to Rs.604.74 million (Previous year Rs.600.64 million), Rs.0.33 million (Previous year Rs.0.58 million) and Rs.129.06 million (Previous year Rs. 175.19 million) respectively.

17. As required vide Notification (No.SGR 129(E) dated February 22,1999) issued by the Department of Company Affairs, Ministry of Law, Justice & Company Affairs, Government of India, following amounts were outstanding to Small Scale Industrial Undertakings exceeding Rs.1 lakh and due for more than 30 days. M/s Shraddha Associate – Rs.0.7 million and M/s Unitop Chemical – Rs. 1.4 million.

18. Pay Revision of unionised category of staff is due with effect from 1st January, 1997. The payment of adhoc amounts (along with estimated provision) aggregating to Rs.2135.67 million against pay revision have been provided for in the accounts, pending finalisation of pay revision. Difference, if any, shall be accounted for in the year in which it is settled.

19. A continuous review of the properties which are not producing for a considerable period of time is being carried out and consequential adjustments are made on technical evaluation on year to year basis. The unamortised cost in respect of these areas are fully depleted/written off amounting to Rs.233.35 million (Previous year Rs. Nil).

20. There are contingent liabilities in respect of:

(a) Capital commitments (net of advances) not provided for Rs. 6592.70 million (Previous year Rs.10085.86 million).

(b) Claims against the Corporation not acknowledged as debts Rs.39552.51 million (Previous year Rs.34881.10 million) which broadly includes :

i) Rs.958.63 million (Previous year Rs.958.63 million) : Penalty demanded by the Gujarat Government on the late payment of increase in rate of royalty on crude oil from Rs.192 to Rs.314 per M.T. from 1st April, 1987 to 31st January, 1991.

ii) Rs.399.33 million (Previous year Rs.399.33 million) : Excise Duty demand on lean gas and natural gasoline in respect of which appeals are pending before Committee of Secretaries/CEGAT.

iii) Rs.496.85 million (Previous year nil) pertaining to excise show cause notice on petro products which is pending for adjudication.

iv) Rs.14843.20 million (Previous year Rs.17536.65 million) : Claims of contractors pending decision in Arbitration's/Courts.

v) Rs.1085.72 million (Previous year Rs.1085.72 million) : Claim by Mumbai Port Trust not considered as payable by the Corporation.

vi) Rs.336.68 million (Previous year Rs.336.68 million) : Octroi on natural gas and liquefied petroleum gas for the period 1st April, 1978 to 31st January, 1993 demanded by Brihan Mumbai Municipal Corporation. The case is pending before Mumbai High Court.

vii) Rs.1471.60 million (Previous year Rs.1471.60 million) : Being the demand raised by Tamil Nadu State Authorities towards local cess, local cess surcharge and interest thereon for the period 1985-86 to 4th April, 1991 against which temporary injunction has been granted.

viii) Income Tax demand of Rs.2941.80 million (Previous year Rs.2941.80 million) relating to assessment of A.Y. 1994-95 which has arisen due to the disallowance of exchange loss (on foreign currency borrowings) on accrual basis on revenue account. The matter is under appeal.

ix) Income Tax demand of Rs.3513.28 million (Previous year Rs.3642.50 million) relating to assessment year 1995-96 which has arisen due to disallowance of exchange loss (on foreign currency borrowings) on accrual basis and also on account of reduction of carry forward business loss from A.Y. 1994-95. The matter is under appeal.

x) Income Tax demand of Rs.569.32 million (Previous year Rs.1491.40 million) relating to assessment year 1996-97 which has arisen due to disallowance of exchange loss (on foreign currency borrowings) on accrual basis and also due to wipe off of the carry forward business loss from A.Y. 1995-96. The matter is under appeal.

xi) Income Tax demand of Rs.100.61 million (Previous year Rs. Nil) relating to assessment year 1997-98 has arisen due to levy of interest u/s 234(C). The waiver petition is pending before CCIT.

xii) Income Tax demand of Rs.6627.95 million (Previous year Rs. Nil) relating to assessment year 1998-99 has arisen due to taxability of Oil Bonds and interest thereon. Matter is under appeal.

xiii) Income Tax matter pending before Settlement Commission in respect of an earlier assessment of a contractor. Amount not ascertainable.

(c) Guarantee given by the Corporation on behalf of its subsidiary Rs.636.50 million (Previous year Rs.767 million).

21. Details of expenditure

(Details of expenditure incurred during the year on Production, Selling and Distribution, Operation and Maintenance of Pipelines, Exploration, Drilling and Development)

(Rupees in millions)

			1999-2000	1998-1999
(i)	(a) Salaries, Wages, Ex-gratia etc.	18,484.01		10,931.34
	(b) Contribution to Provident and Other funds	1,491.19		597.37
	(c) Provision for gratuity	694.13		743.53
	(d) Provision for leave encashment	1,024.32		126.40
	(e) Staff welfare expenses	1,984.54	23,678.19	1,032.36
(ii)	Stores and spares consumed		10,065.47	9,884.41
(iii)	Excise Cess/Duty		23,527.54	23,748.97
(iv)	Royalty		21,111.90	17,703.18
(v)	Sales Tax		6,465.64	4,673.26
(vi)	Octroi/BPT		610.55	552.74
(vii)	Rent, rates and taxes		535.53	446.91
(viii)	Hire charges of equipments and vehicles		4,896.59	4,242.76
(ix)	Power, fuel and water charges		2,044.66	1,879.51
(x)	Contractual drilling, logging, workover etc.		15,592.17	15,541.18
(xi)	Contractual security		805.07	778.76
(xii)	Repairs to building		231.83	222.57
(xiii)	Repairs to plant and machinery		7,006.34	2,143.86
(xiv)	Other repairs		595.71	517.52
(xv)	Insurance		539.36	453.53
(xvi)	Miscellaneous expenditure*		3,546.08	3,692.53
			121,252.63	99,912.69
	Less:			
	Miscellaneous Receipts		628.06	734.57
			120,624.57	99,178.12
	Less :			
	Allocated to exploration, development drilling, capital jobs, recoverables etc.		23,293.80	22,483.62
	Prior Period Adjustment		17.10	40.06
	Production, Transportation, Selling and Distribution Expenditure etc.		97,313.67	76,654.44

* Includes Contribution to National Defence Fund-Kargil amounting to Rs.150 million (Previous Year Rs. Nil).

22. INFORMATION UNDER SCHEDULE VI TO THE COMPANIES ACT,1956

i) SALES TURNOVER

	UNIT	1999-2000			1998-1999		
		Quantity	Rs. millions	Value Rs. millions	Quantity	Rs. millions	Value Rs. millions
Crude Oil	MT	23394578	115,810.06		24451438	88,641.55	
Less : From Exploratory fields		41741	197.48		14910	31.82	
Less : Adventitious gain surrendered			(1.18)	115,613.76		0.00	88,609.73
Natural Gas	000M3	20064181	47,207.70		19386290	37,359.50	
Less : From Exploratory fields		35943	60.64	47,147.06	33914	40.73	37,318.77
Liquefied Petroleum Gas	MT	1207718	9,278.32		1180243	7,602.80	
Less : Adventitious gain surrendered			(1.09)	9,279.41		22.10	7,580.70
Natural Gasoline/Naptha	MT	138882	920.51		544825	1,894.95	
Less : Adventitious gain surrendered			(0.66)	921.17		9.68	1,885.27
Ethane/Propane	MT	556732		3,843.65	506476		2,077.52
Aromatic Rich Naptha	MT	1253784		13,141.93	905705		5,794.90
Superior Kerosene Oil	MT	228081	1,028.13		176659	595.75	
Less : Adventitious gain surrendered			0.00	1,028.13		15.82	579.93
Heavy Cut	MT	40374		436.01	20891		146.07
Others				15.01			90.31
				191,426.13			144,083.20
Price Revision Arrears				8,400.10			3,408.84
				199,826.23			147,492.04

ii) OPENING AND CLOSING STOCK OF GOODS PRODUCED

	UNIT	As at 31st March,2000 QUANTITY	As at 31st March,2000 VALUE Rs. millions	As at 31st March,1999 QUANTITY	As at 31st March,1999 VALUE Rs. millions
Opening Stock					
Crude Oil*	MT	715129	**683.32**	698501	636.20
Liquefied Petroleum Gas	MT	6903	**7.26**	6065	8.08
Natural Gasoline	MT	12135	**8.38**	8615	9.31
Ethane/Propane	MT	778	**1.70**	709	1.79
Aromatic Rich Naptha	MT	8969	**6.30**	26435	36.38
Superior Kerosene Oil	MT	10694	**8.41**	9691	21.80
Heavy Cut	MT	1734	**1.29**	0	0.00
Others	MT	477	**0.50**	912	1.74
			717.16		715.30
Closing Stock					
Crude Oil*	MT	700882	**809.60**	715129	683.32
Liquefied Petroleum Gas	MT	5156	**8.84**	6903	7.26
Natural Gasoline	MT	3076	**5.55**	12135	8.38
Ethane/Propane	MT	625	**2.12**	778	1.70
Aromatic Rich Naptha	MT	18586	**32.31**	8969	6.30
Superior Kerosene Oil	MT	10876	**8.77**	10694	8.41
Heavy Cut	MT	598	**1.46**	1734	1.29
Others	MT	407	**0.57**	477	0.50
			869.22		717.16

*Includes Corporation's share in Stock of Joint Venture Projects.

iii) LICENSED CAPACITY, INSTALLED CAPACITY AND ACTUAL PRODUCTION (CAPACITY AS CERTIFIED BY THE MANAGEMENT)

	Unit	1999-2000 Licensed Capacity Per annum	1999-2000 Installed Capacity Per annum	1999-2000 Actual Production Quantity	1998-1999 Licensed Capacity Per annum	1998-1999 Installed Capacity Per annum	1998-1999 Actual Production Quantity
Crude Oil	MT	Not applicable	Not applicable	**26180760**	Not applicable	Not applicable	27545697
Natural Gas	000M3	Not applicable	Not applicable	**24596727**	Not applicable	Not applicable	23965092
Liquefied Petroleum Gas	MT	1306000	1111000	**1205971**	1306000	1111000	1181081
Natural Gasoline/ Naptha	MT	2060000	2040000	**400506**	2060000	2040000	720583
Ethane/Propane	MT	570000	570000	**556579**	570000	570000	506546
Aromatic Rich Naptha	MT	751715	751715	**1263401**	751715	751715	888239
Superior Kerosene Oil	MT	285320	285320	**228263**	285320	285320	177662
Heavy Cut	MT			**39238**			22046

1. Production includes internal consumption and intermediary losses.
2. Crude Oil includes condensate 2.404 MMT (Previous year 2.223 MMT) and excludes - Nil (Previous year 0.218 MMT) on account of water and foreign substance based on management evaluation.

iv) RAW MATERIALS CONSUMED

	UNIT	1999-2000 QUANTITY	1999-2000 VALUE AT COST Rs. millions	1998-1999 QUANTITY	1998-1999 VALUE AT COST Rs. millions
(For production of Liquefied Petroleum Gas, Natural Gasoline, Ethane/Propane, ARN, SKO and Electricity)					
Natural Gas (Out of own Production)	000M3	1489066	**2,233.87**	1476131	1,666.12
Gas Equivalent Condensate (Out of own Production)	000M3	889967	**812.27**	663811	499.46

v) CONSUMPTION OF STORES AND SPARE PARTS

	1999-2000 Amount Rs. millions	%	1998-1999 Amount Rs. millions	%
Imported	4,255.46	42	4,210.81	43
Indigenous	5,810.01	58	5,673.60	57
(item (ii) Schedule 28 Note 21)	10,065.47	100	9,884.41	100

The consumption is arrived at based on proportion of imported/indigenous purchases made during the year.

vi) VALUE OF IMPORTS ON CIF BASIS

	1999-2000 Amount Rs. millions	1998-1999 Amount Rs. millions
Capital items*	7,153.27	10,339.77
Stores and Spare Parts	3,916.80	4,416.03
	11,070.07	14,755.80

*Includes stage payments made against capital works.

vii) EXPENDITURE IN FOREIGN CURRENCY

	1999-2000 Amount Rs. millions	1998-1999 Amount Rs. millions
Interest	4,254.36	5,033.28
Services	16,331.55	12,078.86
Others	3,758.31	1,666.42
	24,344.22	18,778.56

viii) EARNINGS IN FOREIGN CURRENCY

	1999-2000 Amount Rs. millions	1998-1999 Amount Rs. millions
Interest	15.55	0.23
Services	503.49	327.43
Sale of Tender Documents and forfeiture of Bid Bonds etc.	8.17	30.47
	527.21	358.13

ix) **MANAGERIAL REMUNERATION (included in 21 above)**

	1999-2000 Amount Rs. millions	1998-1999 Amount Rs. millions
REMUNERATION PAID OR PAYABLE TO DIRECTORS		
Salaries and Allowances	**4.20**	2.46
Contribution to Provident Fund	**0.51**	0.22
Sitting Fees	**0.04**	–
Other Benefits and Perquisites (do not include cost of medical treatment availed from the Corporation's own medical facilities as the amount is not determinable)	**0.87**	0.51
	5.62	**3.19**

Note :

The remuneration does not include provision for gratuity/leave encashment since the same is not available for individual employees.

x) **AUDITORS' REMUNERATION (included in 21 above)**

	1999-2000 Amount Rs. millions	1998-1999 Amount Rs. millions
Audit Fees	**2.50**	2.50
For Certification work etc.	**0.56**	0.51
Travelling and Out of Pocket Expenses	**2.36**	1.86
	5.42	**4.87**

23. Previous year's figures have been re-grouped/re-classified wherever necessary to conform to current year's classification.

24. Figures in the accounts are stated in Rs. Millions except those in paranthesis which would otherwise have become Nil on account of rounding off.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2000

(Rupees in millions)

		Year Ended 31 March, 2000		Year Ended 31 March, 1999
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net profit before tax and extraordinary items		59,350.99		35,809.14
Adjustments For:				
-Recouped Costs				
(Represented by Depreciation, Depletion and Amortisation)				
Gross Amount	42,522.89		31,918.05	
Cash Outflows	(9,145.91)		(7,995.72)	
	33,376.98		23,922.33	
-Interest on Borrowings	6,003.17		8,304.00	
-Exchange Loss	3,036.58		4,525.67	
-Provision for Gratuity (Net)	120.81		301.63	
-Provision for Leave Encashment	235.14		126.40	
-Provision and Write offs	2,286.09		927.69	
-Interest Income	(6,877.63)		(8,413.25)	
-Share of Profit on Investment in Partnership Firm	(14.00)		(8.45)	
-Dividend Received	(852.63)		(10.61)	
-Gain on Redemption of Investments	(9.69)	37,304.82	(72.75)	29,602.66
Operating Profit before Working Capital Changes		96,655.81		65,411.80
Adjustments for:-				
-Debtors	(6,011.74)		2,020.41	
-Loans and Advances	(1,894.28)		(2,797.94)	
-Other Assets	(129.71)		17.65	
-Deferred Revenue Expenditure	42.29		(356.25)	
-Inventories	(29.91)		2,956.03	
-Trade Payable and Other Liabilities	(3,753.15)	(11,776.50)	1,446.91	3,286.81
Cash generated from Operations		84,879.31		68,698.61
Direct Taxes Paid		(25,054.71)		(10,196.11)
Cash Flow before extraordinary items		59,824.60		58,502.50
Extra-ordinary Items Adjustments		(46.59)		18.64
Net Cash Flow from Operating Activities 'A'		59,778.01		58,521.14

(Rupees in millions)

	Year Ended 31 March, 2000	Year Ended 31 March, 1999
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets (Net)	(15,759.79)	(19,382.56)
Exploratory and Development Drilling	(12,863.95)	(14,008.95)
Advance/Purchase of Investment	(1,831.56)	(14,615.00)
Investment in Subsidiary	(1,000.00)	0.00
Sale/Maturity/Redemption of Investments	21,438.70	17,180.65
Dividend Received	852.63	10.61
Interest Received	6,243.15	7,086.17
Net Cash Flow from Investing Activities 'B'	**(2,920.82)**	**(23,729.08)**
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Share Capital	0.01	0.52
Proceeds from Long Term Borrowings	1,760.84	0.00
Proceeds from Short Term Borrowings	0.00	4,241.35
Repayment of Long Term Borrowings	(13,031.22)	(24,801.19)
Repayment of Short Term Borrowings	(4,245.00)	0.00
Cash Credit Advance	510.27	1,941.65
Dividend Paid	(7,838.27)	(3,562.14)
Tax on Dividend	(862.69)	(356.48)
Interest Paid	(7,230.58)	(6,787.52)
Net Cash Flow from Financing Activities 'C'	**(30,936.64)**	**(29,323.81)**
Net increase/(decrease) in Cash and Cash Equivalents (A+B+C)	**25,920.55**	**5,468.25**
Cash and Cash Equivalents as at 1st April, 1999 (Opening Balance)	32,253.29	26,785.04
Cash and Cash Equivalents as at 31st March, 2000 (Closing Balance)	58,173.84	32,253.29

Notes:

1. The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard-3 on Cash Flow Statements issued by The Institute of Chartered Accountants of India.
2. Adjustments have not been made to "Purchase of Fixed Assets" (Investing Activities), on account of increase/decrease in Capital Creditors. The impact of the above is not readily ascertainable.
3. As stated in Note 2 of Schedule 28 of the Accounts, Investment in Oil Bonds includes Rs. 38.40 million for which necessary notification entitling the Corporation to lodge claims for price differential has not been received. Accordingly, an equivalent amount has been shown under trade payable and other liabilities.

4. Cash and Cash equivalents represent

	1999-2000	1998-1999
		(Rupees in millions)
a) Cash and Bank Balances (Schedule-13)	**33,553.84**	18,959.78
b) Deposits with Financial Institutions (Schedule-14)	**24,620.00**	13,293.51

5. Extra-ordinary items represent Prior Period Adjustments and other non cash items.

6. Bracket indicates cash outflow.

7. Previous years figures have been regrouped wherever necessary to conform to current year's classification.

For and On behalf of the Board of Directors

S.K.C. Mathur **G.M. & Company Secretary**	**I.N. Chatterjee** **Director(Finance)**	**B.C.Bora** **Chairman-cum-Managing Director**

AUDITORS' CERTIFICATE

We have examined the attached Cash flow statement of Oil & Natural Gas Corporation Ltd. for the year ended March 31, 2000. Subject to notes above, the Statement has been prepared by the Corporation in accordance with the requirements of Clause 32 of Listing Agreement with the Stock Exchange and is based on and is in agreement with the corresponding Profit and Loss Account and Balance Sheet of the Corporation read together with Notes given in Schedule 28 covered by our Report dated 1st June, 2000 to the Members of the Corporation.

For CHANDABHOY & JASSOOBHOY **Chartered Accountants**	**For LODHA & CO.** **Chartered Accountants**	**For CHATURVEDI & SHAH** **Chartered Accountants**
P.D.THAKUR **PARTNER**	**H.K.VERMA** **PARTNER**	**R.KORIA** **PARTNER**
	For M.R.NARAIN & CO. **Chartered Accountants**	**For LOVELOCK & LEWES** **Chartered Accountants**
New Delhi **June 1, 2000**	**P.ANAND** **PARTNER**	**T.BAGCHI** **PARTNER**

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. REGISTRATION DETAILS

Registration No.	55-54155	State Code	55
Balance Sheet Date	31-03-2000		

II. CAPITAL RAISED DURING THE YEAR (AMOUNT IN RS. THOUSANDS)

Public Issue	Right Issue
-	-
Bonus Issue	**Private Placement (Issued to employees only)**
-	1

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT IN RS. THOUSANDS)

Total Liabilities	Total Assets
339055169	339055169

Source of Funds

Paid-up Capital	Reserves & Surplus
14259268	253843202
Secured Loans	**Unsecured Loans**
0	70952699

Application of Funds

Net Fixed Assets	Investments
248709695	22857222
Net Current Assets	**Misc. Expenditure**
66754119	734133
Accumulated Losses	
Nil	

IV. PERFORMANCE OF COMPANY (AMOUNT IN RS. THOUSANDS)

Turnover(Gross Revenue)	Total Expenditure
211019196	151714803
Profit/(Loss) Before Tax	Profit/(Loss) After Tax
59304393	36294697
Earning per Share in Rs.	Dividend Rate %
25.5	65

V. GENERIC NAME OF THREE PRINCIPAL PRODUCTS / SERVICES OF COMPANY (AS PER MONETARY TERMS)

1.	Item Code No.	27090000
	Product Description	Crude Oil
2.	Item Code No.	27112100
	Product Description	Natural Gas
3.	Item Code No.	27100000
	Product Description	Aromatic Rich Naptha

S.K.C. Mathur
G.M. & Company Secretary

I.N. Chatterjee
Director(Finance)

B.C.Bora
Chairman-cum-Managing Director

New Delhi
June 1, 2000

STATEMENT PURSUANT TO SECTION 212(3) OF THE COMPANIES ACT, 1956, RELATING TO COMPANY'S INTEREST IN THE SUBSIDIARY COMPANY

	Name of the Subsidiary	ONGC Videsh Limited
1.	The Financial Year of the Subsidiary Company ended on	31st March, 2000
2.	Date from which it became Subsidiary Company	1st February, 1994
3.	a) Number of shares held by Oil and Natural Gas Corporation Limited alongwith its nominees in the Subsidiary at the end of the financial year of the Subsidiary Company.	2,00,00,000 Equity Shares of Rs. 100/- each
	b) Extent of interest of Holding Company at the end of the financial year of the Subsidiary Company.	100%
4.	The net aggregate amount of the Subsidiary Company's Profit/(Loss) so far as it concerns the members of the Holding Company.	
	a) Not dealt with in the Holding Company's accounts:	
	i) For the financial year ended 31st March, 2000	Rs.81.85 Million
	ii) For the previous financial year(s) of the Subsidiary Company since it became the Holding Company's Subsidiary.	(Rs.771.82 Million)
	b) Dealt with in the Holding Company's accounts:	
	i) For the financial year ended 31st March, 2000	—
	ii) For the previous financial year(s) of the Subsidiary Company since it became the Holding Company's Subsidiary.	—

S.K.C. Mathur	**I.N. Chatterjee**	**B.C.Bora**
G.M. & Company Secretary	**Director(Finance)**	**Chairman-cum-Managing Director**

New Delhi
June 1, 2000

ओ एन जी सी विदेश
ONGC VIDESH

ONGC VIDESH LIMITED

DIRECTORS' REPORT

TO THE SHAREHOLDERS

Dear Shareholders,

Your Directors have great pleasure in presenting to you, the 35th Annual Report on the working of your Company together with the audited Statement of Accounts for the year ended on 31st March, 2000, Auditors Report thereon and the Review of Accounts by the Comptroller and Auditor General of India.

1. FINANCIAL RESULTS

Your Company earned a surplus of Rs.8.19 crores during the year 1999-2000 as compared to Rs. 7.38 crores in 1998-99. Thus the net profit has registered an increase of 11% over the previous year. The Financial Results are summarised below:

(Rs. in thousands)

	1999-2000	1998-99
Interest and other income	175128	77529
Expenditure	78471	70796
Profit/(Loss) for the year	96657	6733
Prior Period Adjustments	(4112)	75772
Provision for Income Tax	(10692)	(8663)
Surplus/(Deficit) transferred to Balance Sheet	81853	73842
Paid up Equity Share Capital	2000000	1000000

2. FURTHER ISSUE OF CAPITAL -- RIGHTS EQUITY SHARES

Your Company issued one crore equity shares of Rs. 100/- each at par on Rights basis to Oil and Natural Gas Corporation Ltd. in June, 1999 and thereby increasing the paid up share capital to Rs. 200 crores as on 31.03.2000. The paid up equity share capital has further been increased to Rs. 300 crores by making another Right Issue of Rs. 100 crores in April, 2000.

3. MAJOR ACTIVITIES:

3.1 Vietnam

Your Company along with its partners, British Petroleum and Statoil had discovered Vietnam's largest free gas field having reserves of 2.04 trillion cubic feet in Block 06.1 of Nam Con Son basin. To monetise the value of gas discovery, it was necessary to develop offshore gas pipeline network and also necessary power plants to consume it. A 10% participating share has been assigned to PetroVietnam at a consideration of US $16.168 million. The essential commercial activities including execution of commercial agreements are about to complete. Development of the infrastructure requires long gestation period and negotiations of a large number of contracts, which need to be in place before investments can be made. Most of the contracts for this project are in the final stages of negotiations and are likely to be concluded shortly. The gas supply to the shore is expected to begin in the year 2002. The revenues to ONGC Videsh would begin immediately after commencement of gas production.

3.2 Future Prospects and Actions Planned

To achieve the target set in the IX Plan, your Company identified six focus countries for acquisition of E&P assets. The working of your Company in these focus countries is summarized below:

I. Iraq

Your Company is pursuing two oil and gas projects in Iraq.

A discovered oil field called "Tuba" which is as large as Mumbai High. The field is capable of producing up to 250,000 barrels of oil per day but Iraq Government wants it to be developed for 140,000 barrels of oil per day. The negotiations for award of the contract are in the final stages.

An exploration block in the western deserts, which already has an oil discovery. The Block includes proven reserves of about 32 million barrels and your Company expects to find reserves equivalent to total reserves of ONGC's Western Region. The contract is in the final stages of negotiations.

II. Russia

A large number of opportunities have been evaluated in Russia but at present following are in concrete stage of evaluation and negotiations:

Discovered oil field offered by Yukos with recoverable reserves of 60 million tons.

Discovered oil field offered by Sibneft with recoverable reserves of 80-100 million tons.

Sakhalin-I (20% participating interest) - A Memorandum of Understanding is likely to be signed shortly to proceed with the technical and commercial due diligence of the project. The project would increase the oil and gas reserves of ONGC by about 11%.

III. Algeria

The national oil company of Algeria has agreed to offer a small discovered oil field to ONGC Videsh to form a Joint Venture in Algeria. Details of the field to be offered are awaited from Sonatrach. It has also agreed to form a consortium with Petronas, PetroVietnam and ONGC Videsh to jointly undertake oil/gas projects in friendly countries. This methodology would provide a political cutting edge to the consortium.

IV. Iran

Efforts were made for participation in the developing oil and gas field and your company is constantly pursuing to participate in upstream sector of Iran.

V. Kazakhstan

ONGC Videsh has been aggressively pursuing 5-10% share in Tengiz oil field-one of the largest oil field of the world. However stiff competition exists. ONGC Videsh has been offered two exploration blocks in Caspian Sea. Their economics would largely depend on the way as to how the oil/gas could be evacuated through some of the major pipelines under construction in the Caspian Sea region.

VI. Venezuela

During the Working Group meeting for the Hydrocarbon Sector between India and Venezuela, it has been decided that their National Oil Company would offer a discovered oil field to ONGC Videsh to form a joint venture. The details are yet to be worked out.

4. **PUBLIC RELATIONS IN INTERNATIONAL ARENA**

ONGC-VL participated in International Exhibition held in Iran and Iraq. The participating ONGC/ONGC-VL team was declared the best in the Iraq Exhibition.

5. **TRAINING**

The continuous improvement of human resource quality and capability by imparting in house/outdoor/ external trainings organized by various national and international agencies is one of the goals of your Company. Training programs in various areas e.g. project management, economic modeling, engineering, oil property evaluation, contract management, negotiations skills, PSC management etc. have been arranged. The computer literacy has reached the level of 98% in your company. Officers were also sent for attending overseas training/seminars in the field of international business development.

6. **INFORMATION TECHNOLOGY**

The state of the art Local Area Network (LAN) comprising about 45 nodes is in place thus achieving nearly 1:1 user to computer ratio. The firewall and the network design take care of the network security issues. Integrated database management system comprising twelve business modules is in the final stages of implementation. The best practices from the industry have been captured for the development of this database management system. The Implementation of this system shall make our business processes more customers focused. 64 Kbps leased line is in place for speedy and reliable Internet access. This shall keep our business analysts updated with the opportunities and activities in their geographical domains. The company's first website (www.onqcvidesh.com) is on the public domain. Web shall become the focus of our business strategy enhancing our customer focus.

Our library has been enriched further through the purchase of new books that shall help our employees in developing the competencies for business Intelligence, techno commercial skills, deal structuring skills, financial skills etc.

7. **PERSONNEL**

The company's total manpower was 44 as on 31.3.2000 as compared to 45 as on 31.3.1999. The manpower requirements are by and large met from ONGC. Your Company plans to remain a lean organization in line with international oil companies.

8. **BOARD OF DIRECTORS**

(i) Under the provisions of Section 255 and 256 of The Companies Act, 1956, Shri B. C. Bora, Chairman and Shri S. M. Malhotra, Director retire by rotation at this Annual General Meeting and being eligible, offer themselves for reappointment.

(ii) Dr. A. R. Sihag, Director (EC), Ministry of Petroleum and Natural Gas (MOP&NG) has been appointed as Director of your Company on 22nd September, 1999 under section 260 of The Companies Act, 1956. The appointment was made on the proposal of MOP&NG. He vacates the office of the Director on the day of this Annual General Meeting. He is eligible for reappointment under the provisions of Section 255 of the Companies Act, 1956 and offers himself for reappointment.

(iii) Sh. A. S. Soni vacated the office of Director of your Company on 31st July, 2000 upon superannuation from ONGC.

9. **AUDITORS**

M/s Agiwal and Associates, Chartered Accountants, New Delhi were appointed to be the Statutory Auditors of your Company by the Ministry of Law, Justice and Company Affairs for the financial year 1999-2000.

10. **FOREIGN EXCHANGE EARNINGS AND OUTGO**

The information on foreign exchange earnings and outgo during the financial year 1999-2000 is given below, as required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

	Amount in equivalent Indian Rupees in thousands
i) Foreign Exchange Earned	41616
ii) Foreign Exchange Outgo	258767

11. **INFORMATION REQUIRED UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956**

Particulars of the employees who are in receipt of remuneration not less than Rs.600,000/- in case of persons employed for full year or Rs.50,000/- per month in case of persons employed for part of the year are annexed with this Report.

12. **ENERGY CONSERVATION AND TECHNOLOGY ABSORPTION**

(a) As required under the provisions of The Companies Act, 1956 in regard to reporting on energy conservation, the Board hereby discloses as follows:

i) That the sources of energy for the Company are electricity and petrol.

ii) That the Board, as part of its existing internal control measures, is striving for the conservation of electricity and petrol under the supervision of Managing Director on a continuous basis and is satisfied that the utilisation of energy is optimum for the operations of the Company.

(b) The provisions of The Companies Act, 1956, in regard to technology absorption are not applicable to the Company.

13. **ACKNOWLEDGEMENT**

The Board of Directors deeply appreciate the valuable contribution made by the employees and are confident that they will continue to contribute their best towards achieving still better performance of your Company in future. The Directors owe their gratitude for the valuable continued help, guidance and support received from the various wings of the Govt. of India and particularly from the Ministry of Petroleum & Natural Gas, Ministry of Finance, Ministry of External Affairs, Indian Embassies abroad and the Department of Public Enterprises.

On behalf of the Board of Directors

(B. C. Bora)
Chairman

New Delhi
August 10, 2000

ANNEXURE TO DIRECTORS' REPORT

STATEMENT OF PARTICULARS OF EMPLOYEES AS REQUIRED UNDER SUB-SECTION (2A) OF SECTION 217 OF THE COMPANIES ACT, 1956 AND THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975

EMPLOYED FOR FULL FINANCIAL YEAR

SL. No.	NAME AND DESIGNATION	REMUNERATION (Rs.)	NATURE OF DUTIES	QUALIFICATIONS	AGE (YEARS)	EXPERIENCE (YEARS)	DATE OF COMMENCEMENT OF EMPLOYMENT	LAST EMPLOYMENT
1	V.Ravindranath, GGM	905440	Administrative Head	B.E(Mech), MBA	55	3	25.06.97	ONGC Ltd.
2	G.S.Pundeer, GGM (OVN)	1972506	Technical	M.Sc	58	5	06.06.95	ONGC Ltd.
3	P.C.Misra, GM (Expln.)	915668	Technical	M.Sc	59	3	15.04.97	ONGC Ltd.
4	Sridhar Misra, DGM (Geol.)	801343	Technical	M.Sc, M.Tech	46	3	01.09.97	ONGC Ltd.
5	K.Nagendrudu, DGM (Geoph.)	857460	Technical	M.Sc	57	4	05.07.96	ONGC Ltd.
6	D.R.Khattar, DGM (Geol.)	948761	Technical	M.Sc	56	4	09.10.96	ONGC Ltd.
7	Ashok Varma, DGM (Prodn.)	869731	Technical	B.Tech	45	4	13.05.96	ONGC Ltd.
8	D.S.Porwal, Chief Geologist	831068	Technical	M.Sc, M.B.A	47	2	19.06.98	ONGC Ltd.
9	R.N.Bhattacharya, Chief Manager (Res.Engg.)	841687	Technical	M.Sc	49	4	05.07.96	ONGC Ltd.
10	K.K.Singhal, Chief Manager (MM)	901584	Technical	M.Tech	48	11	01.04.89	Shri Ram Pistons Ltd.
11	L.L.Kabra, Chief Manager (F & A)	858565	Finance	F.C.A	54	7	04.01.93	ONGC Ltd.
12	H.C.Arora, Company Secretary	878026	Company Secretary	A.I.C.W.A.I, A.C.S	44	5	13.11.95	ONGC Ltd.
13	R.C.Valluri, Suptg. Geologist	835452	Technical	M.Sc	45	4	17.06.96	ONGC Ltd.
14	Anurag Sharma, Suptg. Engineer (Drilling)	849680	Technical	B.E(Mech), MBA	37	4	21.06.96	ONGC Ltd.
15	G.Raghavan, Suptg. Engineer (Production)	782452	Technical	B.Tech, P.G(Dip)	42	4	23.04.96	ONGC Ltd.
16	S.K.Bahuguna, Suptg.Engimeer (E&T) Suptg. Engineer (Prodn.)	866602	Technical	IETE, Dip in Elect. Engg. P.G(Dip)	42	3	11.08.97	ONGC Ltd.

17	V.S.Karkhanis, Suptg. Engineer (Prodn.)	756306	Technical	B.Tech, P.G(Dip)	40	4	06.05.96	ONGC Ltd.
18	H.K.Joshi, Manager (F & A)	727921	Finance	M.Com, I.C.W.A.I	38	14	30.04.86	ONGC Ltd.
19	Nisha Gaur, Manager (PR)	800156	Administration	M A	45	3	12.05.97	ONGC Ltd.
20	Achhar Singh, Manager (P&A)	803996	Administration	MA, LLB	59	11	22.01.89	ONGC Ltd.
21	SGM Rizvi, Chief Legal Adviser	787938	Legal Adviser	LLB	50	6	23.06.94	ONGC Ltd.
22	Y. K. Mishra, Suptg. Geologist	751028	Technical	M.Sc (Geol)	43	2	01.07.98	ONGC Ltd.
23	Chaitali Dutta, Suptg. Engineer (Prodn.)	731527	Technical	BScEngg (Chemical), MBA	41	5	30.11.95	ONGC Ltd.
24	Anurag Swarup, Manager (MM)	632898	Material Management	B E (IE), PG Dip in Mgmt.	36	2	08.06.98	ONGC Ltd.
25	C. L.Sahni, Manager (F & A)	748373	Finance	B.Com.	56	6	06.06.94	ONGC Ltd.
26	Meena Kappor, Dy. Manager (P&A)	770003	Administration	BA	49	25	14.03.75	A.I.M.S
27	Dr. M. K .Nayyar, Dy. Manager (I & T)	620882	Administration	MA, Ph.D	48	3	05.05.97	ONGC Ltd.
28	T. P. Singh, Dy. Suptg. Engineer (Prodn.)	677518	Technical	B E (Mech.)	32	3	04.07.97	ONGC Ltd.
29	K. D.Madan, Dy. Manager (MM)	689861	Material Management	M.B.A.	36	3	01.04.97	ONGC Ltd.
30	A. N. Srivastava, Executive Engineer (Prodn.)	632306	Technical	B.Tech (Petro. Engg.)	32	1	29.02.99	ONGC Ltd.

EMPLOYED FOR PART OF THE FINANCIAL YEAR

1	Ranjit Singh, Chief Engineer (Drilling)	214613	Technical	B.Sc.	58	11	12.10.89	ONGC Ltd.
2	Rajiv Kapur, Chief Engineer (C&M)	781174	Technical	B.Sc. (Hons.)	52	1	12.07.99	ONGC Ltd.

NOTES

1. **Remuneration includes pay, allowances, bonus, Company's contribution to PF and superannuation schemes and expenditure incurred by the Company on providing accomodation and other facilities.**
2. **Nature of employment is non-contractual.**
3. **None of the employees named above is relative of any Director of the Company.**
4. **Remuneration includes arrears of pay from 01.01.1997 paid during the current financial year.**

ONGC

BALANCE SHEET AS AT 31ST MARCH, 2000

(Rupees In thousands)

	SCHEDULE		As at 31st March 2000	As at 31st March 1999
SOURCES OF FUNDS				
SHAREHOLDERS' FUNDS				
Share Capital	A	2,000,000		1,000,000
Reserves and Surplus	B	1,587,851		882,279
			3,587,851	1,882,279
LOAN FUNDS				
UNSECURED LOAN				
Loan from Oil Industry Development Board (Guaranteed by Oil & Natural Gas Corporation Ltd)			636,500	732,375
TOTAL			4,224,351	2,614,654
APPLICATION OF FUNDS				
FIXED ASSETS	C			
Gross Block		5,895		5,057
Less: Depreciation		(2,158)		(1,848)
NET BLOCK			3,737	3,209
CURRENT ASSETS LOANS & ADVANCES				
Sundry Debtors	D	9,981		8,477
Cash & Bank Balances	E	1,310,148		618,625
Loans & Advances	F	770,068		14,030
		2,090,197		641,132
LESS : **CURRENT LIABILITIES AND PROVISIONS**				
Current Liabilities	G	179,077		49,667
Provisions	H	26,080		13,759
		205,157		63,426
NET CURRENT ASSETS			1,885,040	577,706
MISCELLANEOUS EXPENDITURE (TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)				
PROJECT EXPENDITURE	I		1,915,730	1,532,042
PROFIT & LOSS ACCOUNT				
Balance As Per Last Balance Sheet		501,697		
Add : (Profit) / Loss For The Year		(81,853)	419,844	501,697
TOTAL			4,224,351	2,614,654
STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS	N			

Schedules refered to above form an integral part of accounts

H. C. Arora
Company Secretary

N. C. Pany
Director (Finance)

Atul Chandra
Managing Director

B. C. Bora
Chairman

As per our report of even date attached
For AGIWAL AND ASSOCIATES,
Chartered Accountants

New Delhi
May 11, 2000

D. C. Maheshwari
Partner

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2000

(Rupees In thousands)

	SCHEDULE	1999-2000	1998-99
REVENUE			
OTHER INCOME			
From Interest	J	133,544	71,763
From Other Sources	K	41,584	5,766
		175,128	77,529
EXPENDITURE			
Foreign block evaluation		5,589	3,980
Project Expenditure Written Off	I	3,572	2,726
Establishment expenditure	L	35,869	25,981
Interest on OIDB loan		33,441	38,109
		78,471	70,796
Profit / (Loss) For The Year		96,657	6,733
Prior Period Adjustment (Net)	M	(4,112)	75,772
Provision for Income Tax		(10,692)	(8,663)
Profit/ (Loss) Transferred To Balance Sheet		81,853	73,842
STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS	N		

Schedules refered to above form an integral part of accounts

H. C. Arora Company Secretary	N. C. Pany Director (Finance)	Atul Chandra Managing Director	B. C. Bora Chairman

As per our report of even date attached
For AGIWAL AND ASSOCIATES,
Chartered Accountants

New Delhi
May 11, 2000

D. C. Maheshwari
Partner

SCHEDULE 'A' : SHARE CAPITAL

(Rupees In thousands)

	As at 31st March 2000	As at 31st March 1999
Authorised		
5,00,00,000 Equity Shares of Rs.100.00 each	**5,000,000**	5,000,000
Issued, Subscribed, Called & Paid Up 2,00,00,000 Equity Shares of Rs.100.00 each (1,00,00,000 Equity Shares in the Previous Year) fully paid up in cash.The entire share capital is held by ONGC Ltd. and its nominees.	**2,000,000**	1,000,000
TOTAL	**2,000,000**	**1,000,000**

SCHEDULE 'B' : RESERVES AND SURPLUS

Capital Reserve		
a) Opening Balance	**882,279**	882,279
b) Addition During The Year	**705,572**	0
TOTAL	**1,587,851**	**882,279**

SCHEDULE 'C' : FIXED ASSETS

Annexed To And Forming Part Of Balance Sheet as on 31st March, 2000

(Rupees in thousands)

SL NO	PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		COST AS ON 01.04.99	ADDITION DURING THE YEAR	ADJUSTMENT	COST AS ON 31.03.2000	UPTO 31.03.99	DEPRECIATION FOR THE YEAR	ADJUSTMENT	UPTO 31.03.2000	AS ON 31.03.2000	AS ON 31.03.99
1	OFFICE FURNITURE	874	0	0	874	624	21	0	645	229	250
2	OFFICE EQUIPMENT	2,291	404	0	2,695	530	109	0	639	2,056	1,761
3	VEHICLES	953	0	0	953	67	90	0	157	796	886
4	DTP & COMPUTER	939	434	0	1,373	627	89	0	717	656	312
	TOTAL: CURRENT YEAR	**5,057**	**838**	**0**	**5,895**	**1,848**	**309**	**0**	**2,158**	**3,737**	**3,209**
	TOTAL: PREVIOUS YEAR	3,612	1,641	(196)	5,057	1,494	445	(91)	1,848	3,209	2,118

SCHEDULE 'D' : SUNDRY DEBTORS

(Rupees in thousands)

	As at 31st March 2000	As at 31st March 1999
ONGC Ltd.	8,121	4,756
Employees	62	33
BPEOC	561	2,374
RIL	376	52
OIDB For Interest	0	1,262
EIL	424	—
IOC	408	—
Indusind Bank	29	—
TOTAL	9,981	8,477
Unsecured		
More than six months:		
Considered good:	1	63
Others:		
Considered good:	9,980	8,414
TOTAL	9,981	8,477

SCHEDULE 'E' : CASH AND BANK BALANCES

			2000	1999
A.	**Cash Balances**			
	a) At New Delhi	144		22
	b) At Vung Tau, Vietnam	76		82
			220	104
B.	**Bank Balances**			
	a) With scheduled bank in Current Account in India.	6,757		28,684
	b) With Bank for Foreign Trade of Vietnam, Vietnam.	965		1,165
			7,722	29,849
C.	**Short Term Bank Deposits**			
	a) With scheduled banks	650,000		30,000
	b) With others	560,000		540,000
	c) Interest accrued on above	89,556		18,672
	d) With Vietnam Maritime Comml Stock Bank, V Tau	2,619		—
	e) Interest accrued on above	31		—
			1,302,206	588,672
	TOTAL		1,310,148	618,625

SCHEDULE 'F' : LOANS AND ADVANCES

(Rupees In thousands)

	As at 31st March 2000	As at 31st March 1999
Receivable Against Assignment, Petro Vietnam	**744,488**	0
Loans & Advances to Employees (including interest accrued Rs 20.02 Lacs, Previous year Rs 18.39 Lacs)	**11,048**	13,845
Security/Other Deposits	**90**	109
Advances recoverable in cash or in kind or for value to be received	**1,748**	13
Income Tax Payments		
For Asst. Year 1981-82 To 1988-89	**78,220**	78,220
For Asst .Year 1999-2000 To 2000-2001	**12,631**	—
	90,851	78,220
Less Provision For Asst Year 1981-82 To 1988-89	**(78,220)**	(78,220)
	12,631	0
Refund Receivable	**63**	63
TOTAL	**770,068**	**14,030**
Secured		
More than six months	**8,879**	3,514
Others	—	—
	8,879	3,514
Unsecured, considered good		
More than six months	**759,860**	8,167
Others	**1,329**	2,349
	761,189	10,516
TOTAL	**770,068**	**14,030**

SCHEDULE 'G' : CURRENT LIABILITIES

(Rupees in thousands)

	As at 31st March 2000	As at 31st March 1999
Cash Calls for Projects	124,517	0
Sundry creditors for supplies/works		
- Small Sector Undertakings	0	0
- Other than Small Sector Undertakings	868	2,756
Security & Earnest Money Deposits	610	612
ONGC Limited	41,311	39,303
Wage Revision Arrears	422	3,729
Other Liabilities	11,349	3,267
TOTAL	179,077	49,667

SCHEDULE 'H' : PROVISIONS

REH / Ex - Gratia	271	289
Incentive	66	213
Gratuity	1,115	1,236
Leave Encashment	5,273	3,358
Income Tax	19,355	8,663
TOTAL	26,080	13,759

SCHEDULE 'I' : PROJECT EXPENDITURE : AS AT MARCH 31, 2000

(Rupees in thousands)

	PROJECT	EXPENDITURE			RECOUPMENT			BALANCE	
		EXPENDITURE UPTO 31.3.99	EXPENDITURE DURING 1999-2000	TOTAL EXPENDITURE	RECOUPMENT UPTO 31.3.99	RECOUPMENT DURING 1999-2000	TOTAL RECOUPMENT	AS ON 31.03.2000	AS ON 31.03.1999
1	Vietnam Project	1497546	361116	1858662	0	0	0	1858662	1497546
2	Tuba Project, Iraq	5060	1940	7000	0	0	0	7000	5060
3	Block 8 Project, Iraq	5065	2626	7691	0	0	0	7691	5065
4	N Rumaila Project, Iraq	0	786	786	0	0	0	786	0
5	W Texas, USA	1210	249	1459	0	0	0	1459	1210
6	Udmurt Project, Russian Federation	1139	427	1566	0	0	0	1566	1139
7	Sakhalin Project, Russian Federation	1494	462	1956	0	0	0	1956	1494
8	Lukoil Project, Russian Federation	2871	1066	3937	0	0	0	3937	2871
9	Komiarcticoil Project, Russian Federation	822	9859	10681	0	0	0	10681	822
10	Astrakhan Project, Russian Federation	919	639	1558	0	311	311	1247	919
11	Tatneft Project, Russian Federation	766	460	1226	0	245	245	981	766
12	Sibneft Project, Russian Federation	0	1353	1353	0	0	0	1353	0

	PROJECT	EXPENDITURE			RECOUPMENT			BALANCE	
		EXPENDITURE UPTO 31.3.99	EXPENDITURE DURING 1999-2000	TOTAL EXPENDITURE	RECOUPMENT UPTO 31.3.99	RECOUPMENT DURING 1999-2000	TOTAL RECOUPMENT	AS ON 31.03.2000	AS ON 31.03.1999
13	Yukos Project, Russian Federation	0	1497	1497	0	0	0	1497	0
14	Alibekmola Project, Kazakhstan	4369	1403	5772	0	0	0	5772	4369
15	Pavlador Project, Kazakhstan	1397	983	2380	0	0	0	2380	1397
16	Caspian Sea Project, Kazakhstan	301	266	567	0	0	0	567	301
17	Prorva Project, Kazakhstan	596	164	760	0	152	152	608	596
18	Iran Project	2176	523	2699	0	540	540	2159	2176
19	Egypt Project	553	0	553	111	111	222	331	442
20	Azerbaijan Project	3342	0	3342	668	668	1336	2006	2674
21	Turkey Project	713	0	713	143	143	286	427	570
22	W Australia Project	623	0	623	125	125	250	373	498
23	Algeria Project	2137	0	2137	427	427	854	1283	1710
24	Zarubezhneft Project	220	0	220	44	44	88	132	176
25	Kyrghistan Project	301	0	301	60	60	120	181	241
26	Gabon Project	0	695	695	0	0	0	695	0
27	Turkmenista Project	55	0	55	55	0	55	0	0
28	Lybia Project	1093	0	1093	1093	0	1093	0	0
29	Benin Project	0	376	376	0	376	376	0	0
30	Block 308, Malaysia	0	258	258	0	258	258	0	0
31	Block 9, Vietnam	0	112	112	0	112	112	0	0
	TOTAL	1534768	387260	1922028	2726	3572	6298	1915730	1532042

SCHEDULE 'J' : INCOME FROM INTEREST

(Rupees In thousands)

	1999-2000	1998-99
On Short Term Deposits (Tax deducted at source Rs 0.95 Lacs, Previous Year Nil)	**133,144**	71,328
On Loans To Employees	**394**	415
Other receipts	**6**	20
TOTAL	**133,544**	**71,763**

SCHEDULE 'K' : INCOME FROM OTHER SOURCES

Profit on sale of Assets	**0**	4
Miscellaneous Income	**41,584**	5,762
TOTAL	**41,584**	**5,766**

SCHEDULE 'L' : ESTABLISHMENT EXPENDITURE

(Rupees In thousands)

	1999-2000	1998-99
Employees Cost		
Salaries, Wages & bonus	8,780	6,952
Contribution to provident fund & other employees' benefit funds	1,576	1,086
Gratuity provision	593	390
Directors' Remuneration		
- Salary, Wages & Bonus	1,407	607
- Contribution to Funds	142	58
Others	2,706	1,802
TOTAL	15,204	10,895

Office & Administrative Expenses		
Rents	865	829
Electricity & Water	1,142	913
Repair & Maintenance	1,550	1,448
Vehicle Hire charges	467	818
Professional Charges	617	230
Telephone & Telex	2,672	3,506
Printing & Stationary	544	570
Training & Seminar	935	790
Business Meeting Expenses	493	589
Travelling Expenses (including foreign travel Rs77.22 Lacs)	9,050	3,656
Legal expenses	1	1
Depreciation	309	445
Others	1,967	1,236
Auditor's Remuneration		
- Audit Fee	42	30
- Tax Audit Fee	11	10
- Certification	—	15
TOTAL	20,665	15,086
GRAND TOTAL	35,869	25,981

SCHEDULE 'M' : PRIOR PERIOD ADJUSTMENT (NET)

(Rupees In thousands)

	1999-2000	1998-99
Income		
Interest on OIDB Loan	0	77,616
Interest on Employee Loans	0	191
Excess Miscellaneous Provisions written back	0	7
Recoveries Against Previous Years Expenses	6	0
TOTAL	6	77,814
Expenses		
Dues Paid against Pay Revision	4,104	1,388
Office Rent	0	361
OIDB Interest	0	35
Vietnam Invoice Adjustment	0	123
Repair & Maintenance	0	43
Other Expenses	14	92
TOTAL	4,118	2,042
NET	(4,112)	75,772

SCHEDULE 'N' : Significant Accounting Policies and Notes to the Accounts

Annexed to and forming part of Balance Sheet as at 31st March, 2000

A. ACCOUNTING POLICIES

Significant Accounting Policies followed in the presentation of the Accounts are as under:

1. **Basis of Accounting**
   Books of Accounts are maintained on accrual basis under historical cost convention and Mandatory Accounting Standards.
2. **Fixed Assets**
   Fixed assets are recorded at historical costs.
3. **Depreciation**
   Depreciation on fixed assets is provided on straight line method at the rates provided in Schedule XIV of the Companies Act, 1956. All such items as have been fully depreciated are given a notional value of Re.1/- each.
4. **Investments**
   Investments are valued at cost.
5. **Transactions in Foreign Exchange**
   Transactions in foreign currency are converted at ruling rate of respective foreign currencies on the date of transactions and closing balance of cash and bank, receivable and others, are converted at the rates of exchange prevailing on the date of Balance Sheet.
6. **Survey, Exploration, Development and Pre-production Costs**
   All survey, exploration, development and other pre-production costs directly attributable to a project are accumulated as "Miscellaneous Expenditure to the extent not written off". Such accumulated expenditure may either relate to approved projects or projects under "focused area of interest".

   i) Accumulated cost related to approved productive projects gets written off against production.

   ii) Accumulated cost relating to approved but unsuccessful projects, that are abandoned, are to be written off over a period of five years with effect from the year of the abandonment decision.

   iii) Accumulated cost relating to projects under "focused area of interest" shall be carried forward till the project either becomes an approved project or is relinquished for economic reasons. In case of relinquishment, such cost shall be written off over a period of five years with effect from the year of the relinquishment decision.

   iv) Expenditure during the year relating to any other project not falling under the above categories i.e. approved project or projects under focused area of interest, shall be charged off to the accounts in the year of incurrence.

   v) 'Approved projects' are those for which formal agreements incorporating work & financial commitments have been made with due approvals.

   Projects under 'Focused Area of Interest' are those projects, which are being pursued aggressively and for which scouting of data & information is in progress but for which no formal agreements have been signed yet.
7. **Retirement Benefits**

   i) Contribution to Provident Fund and Compensatory Social Security Scheme is made as per the rules of the Company.

   ii) Provision for gratuity is made on actuarial valuation basis, and for leave encashment is made on accrual basis. These are not funded.

B. NOTES ON ACCOUNTS

1. Pay revision of unionized categories is due w.e.f. 1st January 1997. The grant of adhoc amount for the year amounting to Rs.4,21,800.00 (Rupees four lakh twenty one thousand eight hundred only) against pay revision have been provided for in the accounts. Pending finalization, the additional liability, if any in this regard is presently not quantifiable.

2. The Company has assigned ten percent (10%) of the aggregate of Operating costs and other costs and expenses of Joint Operations incurred by the contractor parties on and before 15 May, 1998 (the "Past Cost") in Vietnam Project to Vietnam Oil & Gas Corporation, a state company incorporated under the laws of Vietnam (PetroVietnam) for an amount of US $ 16.168 million equivalent to Indian Rs. 70,55,71,520 w.e.f. 16th May, 1998 vide Assignment Agreement executed between the parties on 29th September, 1999.

   PetroVietnam shall also pay a further 10% of Operating Costs and expenses of Joint Operations incurred on and from 16 May, 1998 and shall reimburse Assignor for all such costs (the "Assigner Reimbursable Costs") in respect of the period from and including the Effective Date to the date on which the last of the Necessary Pre-conditions is satisfied.

   If PV does not pay the above amount of US $ 16.168 million plus "Reimbursable Costs" by 15th July, 2000, penalty interest shall be chargeable on the total amount at the reference interest rate plus 4% calculated from 15th July, 2000 until date of payment.

   As per opinion obtained by the company the amount of US $ 16.168 million equivalent to Indian rupees 70,55,71,520 has been treated as "Capital Receipt" and accordingly transferred to "Capital Reserve Account".

   Amount receivable from Petro Vietnam on account of "Reimbursable Costs" up to 31st March, 2000 approximately US$ 891754 equivalent to Indian Rupees 3,89,16,144 has been credited to "Project Expenditure – Vietnam Project".

   After, the above assignment of 10% interest and assignment of 5% interest by BP and Statoil, presently the participating interest of all the partners in "Vietnam Project" is as under:

ONGC-VL	45%
British Petroleum	26-2/3%
Statoil	13-1/3%
PetroVietnam	15%
Total	100%

3. Loans and advances to employees includes an amount of Rs.3.84 Lacs (Previous year Rs 4.68 Lacs) outstanding from Whole time Directors and officers. Maximum amount outstanding during the year Rs.6.28 Lacs. (Previous Year Rs.5.66 Lacs).

4. **Quantitative and other information pursuant to the provisions in Part II of Schedule VI of the Companies Act, 1956:**

	Current Year (Rs.)	Previous Year (Rs.)
Licensed Capacity	**NIL**	NIL
Installed Capacity	**NIL**	NIL
Turn-over	**NIL**	NIL
Opening Stock of Crude	**NIL**	NIL
Closing Stock of Crude	**NIL**	NIL

5. **Expenditure in Foreign Exchange**

	Current Year (Rs.)	Previous Year (Rs.)
Import	**NIL**	NIL
Professional & Consultation Fee	**4,215,877**	9,745,321
Interest & Dividend	**NIL**	NIL
Others	**254,551,085**	250,275,481

6. **Earning in Foreign Exchange**

	Current Year (Rs.)	Previous Year (Rs)
Export	**NIL**	NIL
Royalty/Technical Know-how	**NIL**	NIL
Interest & Dividend	**37,314**	20,004
Others	**41,578,243**	29,483,212

7. **Managerial Remuneration**

	Current Year (Rs.)	Previous Year (Rs)
Salary and Allowances	**14,06,605**	6,07,248
Contribution to Provident Funds	**1,41,216**	57,404
Other Benefits & Perquisites	**43,591**	48,220
(excluding provisions by Holding company)		
	15,91,412	**7,12,872.00**

The remuneration does not include provision for gratuity since the same is not available for individual employees.

8. The Expenditure incurred by ONGC Limited, on behalf of the company are being recovered on the basis of debits raised by them for which supporting documents are held by ONGC Limited.

9. Previous year figures have been re-grouped/re-arranged wherever necessary.

Signatures to Schedule -"A" to "N"

H. C. Arora	**N. C. Pany**	**Atul Chandra**	**B. C. Bora**
Company Secretary	**Director (Finance)**	**Managing Director**	**Chairman**

As per our report of even date attached
For AGIWAL AND ASSOCIATES,
Chartered Accountants

New Delhi
May 11, 2000

D. C. Maheshwari
Partner

AUDITORS' REPORT

TO THE MEMBERS

We have audited the attached Balance Sheet of ONGC VIDESH LIMITED, NEW DELHI as at 31st March, 2000 and the Profit & Loss Account for the year ended on that date, annexed thereto, and report that :

1. As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988, issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act. 1956, we enclose in the Annexure, a statement on the matters specified in paragraph 4 & 5 of the said Order.
2. The Accounts have been drawn up in accordance with the statement of Significant Accounting Policies - Schedule 'N'.
3. In respect of Joint Venture projects the unaudited figures, as furnished by the joint operators, have been incorporated in the Company's books of Accounts.
4. Attention is invited to the following :
   - 4.1 Note No. 1 in Schedule 'N' regarding non-provision/determination of additional liability, if any, arising due to pay revision of employees of unionized category.
   - 4.2 Note No. 2 in Schedule 'N' regarding assignment of 10% (ten percent) to Petro Vietnam, of the aggregate of the interest of all contracting parties in Joint operation of Block 06.1 at Vietnam.
5. Further to our comments in the annexures referred to in paragraph 1 to 4 above.
   - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary, for the purposes of our audit.
   - (b) In our opinion, proper books of accounts, as required by law, have been kept by the Company, so far as appears from our examination of those books.
   - (c) The Balance Sheet and the Profit & Loss Account dealt with by this Report are in agreement with the books of accounts.
   - (d) In our opinion, the Profit & Loss Account and Balance Sheet comply with the mandatory Accounting Standards referred to in sub-section (3C) of the Section 211 of the Companies Act, 1956.
   - (e) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view :
     - i) In the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2000 and;
     - ii) In the case of Profit & Loss Account of the profit for the year ended on that date.

For AGIWAL AND ASSOCIATES.
Chartered Accountants

Delhi
May 11, 2000

D. C. Maheshwari
Partner

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 1 of our report of even date)

i) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets. The Fixed Assets have been physically verified by the management during the year. The discrepancies noticed are insignificant in nature and the matter of discrepancies are under investigation.

ii) None of the fixed assets have been revalued during the year.

iii) The Company is not having any closing stock of raw material, spares, finished goods etc. As such the clause is not applicable.

iv) As explained (iii) above, the clause not applicable.

v) As explained (iii) above, the clause not applicable.

vi) As explained (iii) above, the clause not applicable.

vii) The Company has not taken any loans secured or unsecured from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956, or from companies under the same management within the meaning of Section 370(I-B) of the Companies Act, 1956 where the rate of interest and terms and conditions are prima facie prejudicial to the interest of the Company.

viii) The Company has not granted any loans to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.

ix) The loans and advances given by the Company to its employees in the nature of loans are being repaid as stipulated and are also regular in payment of interest where applicable.

x) In our opinion and according to information and explanation given to us, the Company has an internal control procedure commensurate with the size of the Company and the nature of its business for the purchase of other assets during the year.

xi) As far as we have been able to ascertain and according to the information and explanation given to us the Company has not purchased during the year any goods, materials and goods or services made in pursuance of contracts or arrangement entered in the register maintained under Section 301 of the Companies Act, 1956.

xii) As explained to us, the Company does not have any unserviceable and/or damaged stocks.

xiii) The Company has not accepted any deposit from the public during the year.

xiv) Not applicable as explained in (xii) above.

xv) The company has maintained a system of internal audit for the corporate office commensurate with its size and nature of its business. As well as, it has a system of Internal audit called Contractual Audit for its project abroad by their departmental officers.

xvi) The Central Government has not prescribed maintenance of cost records under section 209(1)(d) of the Companies Act, 1956.

xvii) The provident fund dues have been transferred by the Company to ONGC Limited, and according to the management, the said company is responsible for depositing the same with the appropriate authority.

xviii) According to the information and explanation given to us, there is no amount outstanding in respect of undisputed Income Tax, Wealth Tax, Sales Tax, Customs Duty and Excise Duty which were due for more than six months from the date they become payable.

xix) In our opinion and according to the information and explanation given to us, no personal expenses have been charged to revenue account.

xx) The Company is not a sick industrial company within the meaning of clause (o) of section 3(1) of the Sick Industrial Companies (Special Provisions) Act, 1985.

xxi) The Company is not engaged in any trading activity.

For AGIWAL AND ASSOCIATES.
Chartered Accountants

Delhi
May 11, 2000

D. C. Maheshwari
Partner

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. REGISTRATION DETAILS

Registration No.	55-04343	State Code	55
Balance Sheet Date	31-03-2000		

II. CAPITAL RAISED DURING THE YEAR (AMOUNT IN RS. THOUSANDS)

Public Issue	Right Issue
NIL	1000000
Bonus Issue	Private Placement (Issued to employees only)
NIL	NIL

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT IN RS. THOUSANDS)

Total Liabilities	Total Assets
4224351	4224351

Source of Funds

Paid-up Capital	Reserves & Surplus
2000000	1587851
Secured Loans	Unsecured Loans
NIL	636500

Application of Funds

Net Fixed Assets	Investments
3737	NIL
Net Current Assets	Misc. Expenditure
1885040	1915730
Accumulated Losses	
419844	

IV. PERFORMANCE OF COMPANY (AMOUNT IN RS. THOUSANDS)

Turnover(Gross Revenue)	Total Expenditure
175128	78471
+/- Profit /Loss Before Tax	+/- Profit /Loss After Tax
+92545	+81853
Earning per Share in Rs. (Weighted Average)	Dividend Rate %
0.040	NIL

V. GENERIC NAME OF THREE PRINCIPAL PRODUCTS / SERVICES OF COMPANY (AS PER MONETARY TERMS)

1. Item Code No.	27090000
Product Description	Crude Oil
2. Item Code No.	27112100
Product Description	Natural Gas
3. Item Code No.	27111900
Product Description	Natural Gasoline

H. C. Arora
Company Secretary

N. C. Pany
Director (Finance)

Atul Chandra
Managing Director

B. C. Bora
Chairman

New Delhi
May 11, 2000

SHAREHOLDER'S INFORMATION
(As on March 31, 2000)

1. FINANCIAL CALENDAR

Financial Reporting of the Quarter ended June 30	- End July
Financial Reporting of the Quarter ended September 30	- End October
Limited Review by Auditors of the half year ended September 30	- End November
Financial Reporting of the Quarter ended December 31	- End January
Financial Reporting of the year ended March 31	- End April
Limited Review by the Auditors for the half year ended March 31	- End May

2. ANNUAL GENERAL MEETING

DATE AND TIME September 27, 2000 at 11.30 A.M.

VENUE Hotel Ashoka Convention Hall,
50-B, Chanakyapuri,
New Delhi-110 021

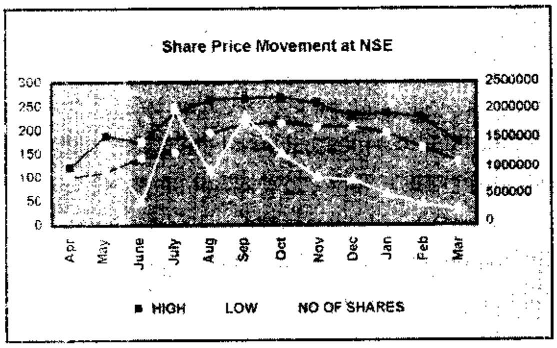
BOOK CLOSURE September 14 to 27, 2000 (both days inclusive)

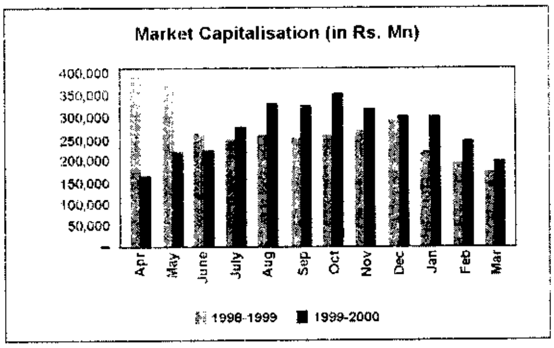
DIVIDEND PAYMENT 40% Interim Dividend paid on May 25, 2000,
25% Final Dividend recommended.
If approved, will be paid by the end of October, 2000 .

3. STOCK MARKET DATA

National Stock Exchange Price Movement

Month	High (Rs.)	Low (Rs.)	No. of Shares Traded	Market Capitalisation (Rs. in millions)
April, 1999	119.90	100.00	202500	159,918.50
May, 1999	187.00	112.00	1394200	214,246.58
June, 1999	175.00	142.00	411400	216,955.86
July, 1999	233.25	150.40	2010500	271,070.05
August, 1999	263.25	190.50	947300	327,608.33
September, 1999	264.85	211.20	1883700	321,405.52
October, 1999	266.00	211.00	1250900	348,213.08
November, 1999	255.00	205.00	848000	313,705.48
December, 1999	227.90	205.00	807200	296,195.01
January, 2000	234.90	191.00	549200	299,018.36
February, 2000	224.70	161.10	387000	238,487.46
March, 2000	173.75	134.50	302266	194,639.99

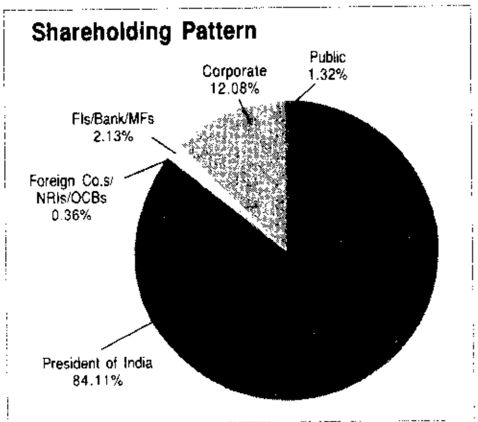




4. DISTRIBUTION OF SHAREHOLDING

Number of Shares	Number of Share Holders	% of Share Holders	Total Number of Shares	% Holding
1 to 500	30585	61.46	7398311	00.52
501 to 1000	19010	38.19	11235147	00.79
1001 to 2000	61	00.12	88815	00.01
2001 to 3000	16	00.03	40504	-
3001 to 4000	10	00.02	35132	-
4001 to 5000	12	00.02	55197	-
5001 to 10000	15	00.03	107476	00.01
10001 & Above	67	00.13	1406973410	98.67
Total	**49776**	**100.00**	**1425933992**	**100.00**

5. SHAREHOLDERS PROFILE



Status	Holding	Percentage
President of India	1,19,93,39,605	84.11
Foreign Companies/NRIs/OCB's	50,66,116	0.36
Financial Institutions/Bank/ Mutual Funds	3,03,83,831	2.13
Bodies Corporate	17,23,12,530	12.08
Public	1,88,31,910	1.32
Total	**1425933992**	**100.00**

6. **DEPOSITORY INFORMATION**

Your Shares have come under compulsorily trading in dematerialized form effective March 21, 2000 as per SEBI directives. Your Company is providing simultaneous transfer and dematerialisation facility. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSIL), under ISIN No. INE213A01011, have been enlisted Depositories and Shareholders have the option to dematerialize their holding through either of them.

In order to facilitate the small investors SEBI has made arrangements with the Stock Exchanges to have a separate window to enable these investors to sell upto 500 shares in physical form. These Shareholders, however, can continue to hold shares in physical mode.

7. **SHARE TRANSFER SYSTEM**

Your Company has appointed as Registrar and Share Transfer Agents M/s MCS Ltd, 212-A, Shahpurjat, behind Panchsheel club, New Delhi-110049, for both physical as well as electronic mode. The Share Transfer Committee meets frequently and the share transfers are registered and returned within a period of less than 4 weeks from the date of receipt, if the documents are otherwise found in order. Shri S.K.C.Mathur, General Manager & Company Secretary has been designated as the "Compliance Officer".

8. **INVESTOR SERVICES**

The day-to-day grievances are looked after by an 'Investor Grievances Cell' set up at the Registered office with the help and assistance provided by the Registrar & Share Transfer Agents, M/s MCS Ltd. Generally, the complaints are settled within a fortnight of receipt.

Your Company is planning to establish a Contact-center for Investors' Services and redressal of Grievances, with following facilities :

- Telephone call Center ;
- 24 hours message log in facility ;
- Dedicated e-mail facility.

Investor services related queries may be addressed to :

1. **Shri. I. D. Chauhan**
Asstt. Vice-President
MCS Ltd.,
212-A, Shahpurjat,
Behind Panchsheel club,
New Delhi-110049.

2. **Shri S.K.C.Mathur**
GM & Company Secretary
Oil and Natural Gas Corporation Ltd.,
Jeevan Bharti, Tower - II,
124, Indira Chowk,
New Delhi – 110001.

9. **COMPOSITION OF THE BOARD**

The Board of Directors of your Company comprise of :

a) Part-time Official Directors - 3
b) Part-time Non-Official Directors - 5
c) Whole-time Functional Directors - 7

10. BOARD MEETINGS

During 1999-2000, your Board met **10** times, as under :

Date of Meeting	Attendance Record: Whole-time Funcional Directors	Part-time Official Directors	Part-time Non-official Directors
29-04-1999	7	1	*
28-05-1999	7	2	4
29-07-1999	7	2	4
29-08-1999	7	3	2
22-09-1999	5	3	3
29-10-1999	6**	1	4
01-12-1999	6	1	4
28-01-2000	6	3	3
08-03-2000	6	2	2
15-03-2000	6	2	4

* None Appointed

** One vacancy of Director (Exploration) existed w.e.f. September 27, 1999.

11. BOARD COMMITTEES

Audit Committee

1. Shri Ravi Saxena **
2. Smt. Renuka Devi Barkataki *
3. Dr. K.R.S. Murthy *
4. Shri Jawahar Vadivelu *
5. Shri I.N. Chatterjee ***
6. Shri A.S. Soni ***

Project Appraisal Committee

1. Shri G.S. Dutt **
2. Shri Ravi Saxena **
3. Dr. K.R.S. Murthy *
4. Shri Jawahar Vadivelu *
5. Shri I.N. Chatterjee ***
6. Shri R.C. Gourh ***

Business Development & Overseas Operations Committee

1. Shri G.S. Dutt **
2. Shri Ravi Saxena **
3. Dr. K.R.S. Murthy *
4. Shri J. Jayaraman *
5. Shri S.M. Malhotra ***
6. Shri R.C. Gourh ***
7. Shri Atul Chandra **

Human Resource Management Committee

1. Shri J.M. Mauskar **
2. Smt. Renuka Devi Barkataki *
3. Dr. K.R.S. Murthy *
4. Shri Jauhari Lal ***
5. Shri I.N. Chatterjee ***
6. Shri A.S. Soni ***

Exploration and Production Committee

1. Shri G.S. Dutt **
2. Shri J.M. Mauskar **
3. Shri J.Jayaraman *
4. Shri A.S. Soni ***
5. Shri S.M. Malhotra ***
6. Shri Y.B. Sinha ***

Finance Management Committee

1. Shri G.S. Dutt **
2. Shri Ravi Saxena **
3. Shri J. Jayaraman *
4. Shri Jawahar Vadivelu *
5. Shri I.N. Chatterjee ***
6. Shri Y.B. Sinha ***

Shares Transfer Committee

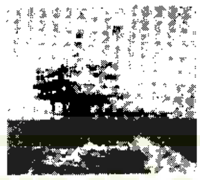
1. Shri Jauhari Lal ***
2. Shri I.N. Chatterjee ***
3. Shri R.C. Gourh ***

* Part-time Non-Official Director ** Part-time Official Director *** Whole-time Functional Director

ONGC's Tribute to the Kargil Bravehearts Wins Acclaim!

This advertisement published in 1999 as a tribute to the Kargil jawans won the Silver Trophy in the Corporate Communications Category at the Delhi Advertising Club Awards Nite on 27th July, 2000. It was designed by M/s Interads Advt. (P) Ltd.

While our soldiers serve the motherland with guns, we do it with barrels.



As our tigers pushed the enemy back on war ravaged frontiers the entire nation watched the feat with an unparalleled sense of oneness and pride. Pride at being an Indian, pride at being the children of a motherland whose valiant sons lay down their lives for her honour, integrity and dignity. Today, as the oilmen of ONGC join the fellow Indians to celebrate the 52nd Independence Day, we reiterate our commitment and dedication towards making a stronger, braver and a more developed India that is prepared to face the upheavels and challenges of the new millennium; and to honour the memory of our soldiers who've suffered injuries or have made supreme sacrifice fighting for mother India, ONGC made a corporate contribution of Rs. 15 crores, while the employees chipped in with Rs. 80 lakhs. Still further, as a homage to the great sacrifices made by our selfless brothers, ONGC has also offerred 50 vacancies to the widows of the martyrs and to permanently disabled jawans. This is our way of saying that we the Indians, cannot be deterred by any enemy and we shall stand by each other no matter what the upheavel. **Jai Hind.**

A Company that Cares.

ONGC

Oil and Natural Gas Corporation Limited

Regd. Office : 'Jeevan Bharati', Tower-II, 8th Floor, 124, Indira Chowk, New Delhi-110 001

Visit us at : http://www.ongcindia.com